

Is this a boom  
on a blip?

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Liz Taylor ate my  
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Meet the stropky  
gang of pop

Section Two

# THE INDEPENDENT

3,019

FRIDAY 21 JUNE 1996

40p (UK 45p)

## Yeltsin casts out his Rasputin

### Purge in the Kremlin

By Phil Reeves

Boris Yeltsin was yesterday compelled by circumstances to make a choice that he should have made months ago. He finally opted to support the democrats in his entourage after a power struggle that briefly threatened to disrupt Russia's presidential elections. He finally enticed three of his closest advisers to support his decision about his commitment to democracy.

The events in Moscow over the last turbulent 24 hours were almost certainly not a coup d'état, although the Russian Prosecutor-General's office has launched an inquiry into allegations by leading liberals that a putsch was planned as an attempt to stop the election run-off from going ahead.

What seems to have occurred was a showdown be-

The arrival of General Lebed, like some sort of avenging Robocop, is critical to yesterday's events. But his sudden rise has disturbed the delicate, fetid, biological balance within the Kremlin

between the democrats who have played a leading role in devising Mr Yeltsin's grandiose election campaign, but feared that they would be dumped once he has won a second term, and a group of the President's closest associates, hawkish security men who also felt their grip on power weakening.

The democrats won. Out went General Alexander Kozlov, a Rasputin figure in the Kremlin - head of the 20,000-strong presidential guard and one of Mr Yeltsin's closest friends, who last month called for the elections to be postponed.

Out went General Mikhail Barsukov, head of the Federal Security Service, who led the criminal bombing of Pervomayskoye in Dagestan last January. And out went Oleg Soskovets, a first deputy prime minister, regarded by both

men as a friend and mentor.

The event that precipitated their sackings, less than a fortnight before the election run-off, seems trivial in comparison with the outcome, which served the world with another frightful reminder of the fragility of democracy in Russia.

On Wednesday afternoon two senior staff on the President's campaign team - Sergei

Lisovsky, a show-business magnate, and Arkady Yevstafeyev, a businessman - were arrested as they left the White House, the government's headquarters. They were held by members of Mr Kozlov's presidential guard and armed police. According to General Barsukov, they were carrying a large sum - allegedly \$500,000 - in hard currency; the authorities were merely being inquisitive, he said, and later released them without charge.

A shaken Mr Yevstafeyev, who was interrogated for 11 hours, supplied a different account: "They did not explain the reasons, but asked me about the election. I heard one of them say the President would win the election in any case, but it would be thanks to 'the patriots', rather than to people who attached themselves to him."

News of their arrest was broadcast on a late night unscheduled bulletin by NTV - once an independent national television channel, now a mouthpiece in the democratic camp's battle against a return of the Communists, whose leader Gennady Zyuganov came a close second in last Sunday's first round.

The liberal Anatoly Chubais, Mr Yeltsin's erstwhile privatisation minister and head of his election campaign, announced that a planned coup had been brewing; the arrests would, he said, have been followed by other moves against the President's election staff. It was the end of a "long struggle between a group in the Yeltsin administration who were working for victory by democratic elections, and another which proposes the use of force as a solution".

Crucially, he had the support of General Alexander Lebed, Mr Yeltsin's latest recruit. He would "crucially crush" any uprising, the general warned.

The arrival in the Kremlin of this gravel-voiced retired soldier, like some sort of avenging Robocop, is critical to yesterday's events. His ascension to power was orchestrated by the President's advisers, who covertly supported his election campaign in which he attracted 11 million votes. Mr Yeltsin then sought to win over his votes for the run-off by making him secretary of the Security Council and national security adviser.

But his sudden rise, coupled with his vow to wipe out corruption, has disturbed the delicate, fetid, biological balance within the Kremlin.

On Tuesday he got rid of the Defence Minister, General Pavel Grachev, and then claimed to have pre-empted a coup plot, hatched by a handful of generals. And yesterday he helped to secure the departure of three other potential threats to his supremacy. In three days, he has become the



Driven out: Alexander Kozlov, head of the presidential guard, stands alongside Boris Yeltsin's ZIL limousine. Said to be a Rasputin-like figure, he is now one of three victims of a Kremlin power struggle. Photograph: Yuri Kozlov, Fotokoods

second most powerful man in the country.

The key question now is whether the episode harms Mr Yeltsin, as he prepares for the 3 July run-off, or helps him. His campaign message is that he represents stability and normality. Such upheavals create the opposite impression.

Mr Zyuganov, who has recently been portraying himself as a moderate in favour of an

all-encompassing coalition government, was quick to pounce on this theme. "The Popular Patriotic Front declares the Fatherland is in danger," he said in a statement. "Internal squabbling around the weakening and loosening strings of government can lead to fierce civil strife and tragic consequences."

But he also accused the President of conducting a "well-planned game" in which

he was "feverishly changing his team to try to stay in power", and "throwing overboard people who seemed closest and most devoted to him".

Although yesterday's turmoil seems too precarious to have been part of a pre-planned strategy, it is true that the sight of notorious hawks being flushed out of their heavily feathered nest will delight many Russians; it will probably help

the President win over the vote for General Lebed who, although a nationalist, has so far proved to be champion of the liberals' cause.

It will also enhance the image that Mr Yeltsin has gone to great lengths to cultivate, that of the father of the nation who is willing to punish even his favourite children, if they start causing a bit of trouble.

Party of war, page 9

### Intrigue at tsar's court

governments that, more than four years after the Soviet Union's collapse, so many of the most important players in Russian politics appear to be committed to curbing democracy or abolishing it altogether.

Look one way, and you see the Barsukovs and Kozlovskys. Look another way, and you see the Communists and extreme nationalists. Look a third way, and you see the leading liberal in the presidential election, Grigory Yavlinsky, winning only 7.4 per cent of the vote.

But if that is the bad news, the good news is that Russian democracy, a frail plant growing in the stony ground of 1,000 years of authoritarianism, has successfully survived its latest ordeal.

Like the KGB-inspired coup against Mikhail Gorbachev in August 1991, and like the uprising at the Russian parliament building in October 1993, the Barsukov-Kozlovskoy plot, if such it was, came quickly to grief.

Mr Yeltsin deserves some credit for this. Even when he was way down in the opinion polls last month, he refused to listen to Mr Kozlov's siren voice urging him to cancel the election.

Yet the conditions that allowed this week's events to take shape were inherent in the system and style of government adopted by Mr Yeltsin after the crisis of October 1993. Unfettered by the national legislature or the courts, he rules Russia by issuing decrees and with the help of a network of largely unaccountable presidential agencies and advisers. The atmosphere, like that of a tsar's court, is ideal for intrigue. It fosters the illusion in Russia's security structures that democracy can be done away with.

It must disturb the Western

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### QUICK

**Rationing inevitable**  
Rationing of health care is inevitable and the public must be involved in the debate on how to do it, health care specialists said yesterday. Page 7

**Anti-tank whaling**  
Scientists say people have been using anti-tank weapons and Kaba-whaling to kill whales. Ropes have been used. Page 3

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## news

## Going on the attack without a leg to stand on

Now we all know what Tony Blair did when he went to Germany this week, because John Major told us in Prime Minister's Question Time yesterday. "The right honourable gentleman carries favour with his boots", declared the PM, "by rolling over on his back with his legs in the air!"

Had this been said without the benefit of parliamentary privilege, the Labour leader might well have been spending the afternoon instructing his solicitors. He will recall how his late colleague, Allan Roberts, was once discovered in a dog kennel in a Berlin nightclub being whipped by a muscular Teuton. Mr Blair, the profiles all suggest, is a man of a different



DAVID AARONOVITCH

bent, so what was the Prime Minister suggesting?

Actually, he was responding to a question from leading Europhobe, Iain Duncan-Smith, about Mr Blair's presence at a conference of industrialists on the banks of the Rhine. Mr Duncan-Smith wished to suggest that Tony had been talking

all capitalistic to the burghers of Bonn, whilst rubbishing all Britain's free-market achievements at home. But the dapper member for Chingford felt obliged to couch his query in terms of the Prime Minister's use of his leisure time.

On Tuesday Mr Major angrily denied the calumnious suggestion that he might have been watching *Flanigan's*. Yesterday he was invited to "remember the old cowboy movies he must have watched in his youth in which they used to say 'Puke! speak with forked tongue!'"

Mr Major smiled in recognition. Perhaps, last Monday evening, with a typical BBC exposé of failures over BSE occupying a whole channel, the PM

had indeed slipped a cassette of *Rio Bravo* into the No 10 video.

And who could blame him? He must be so fed up with the BSE debacle. Ridiculed yesterday by both Mr Blair and Paddy Ashdown over his imminent declaration of victory over Europe at the Florence summit this weekend, Mr Major had been reduced to describing his rivals as "idiotic", as possessing a "breath-taking capacity to understand nothing" and being "wrong in every aspect". But behind him there was an ominous lack of enthusiasm. Teresa Gorman was not wearing her medals and the bunting was not being put out for VBSE Day.

That meant making do with Nigel Evans (Ribble Valley), who as the first Tory to put a question got to stand in metaphorical Creep's Corner, contrasting the Government's exceptional success with what would happen were the electorate stupid enough to place their trust in "the party opposite".

Mr Evans has a thin, slightly rodentine face, a long body and a keen nose for the main chance. He also seems rather ill-at-ease in his clothes, which hang off him when (as happens all too often) he rises to speak. In short, he looks like a ferret in a suit. The particular rabbit-hole that the whip had sent him down was the European one. His task was to deliver the line that while the Tories fought for Britain's inter-

est in Europe, Mr Blair fights for "Europe's interests in Britain". He delivered it, twitched his whiskers and sat down.

So there we are. Now we know how very differently the two leaders behave when abroad. Or do we? When another Tory wished him good luck in Italy tomorrow, the Prime Minister declared boldly that "weekends in Florence are always most enjoyable".

"Whoooooah!" roared the Opposition benches. "Yes," said Mr Major hurriedly – lest he be misunderstood, "it is a lovely place". So no lying on his back with legs in the air for him. Oh no. Just sightseeing and the winning of incredible victories over the continental foe. Pity.

## Redwood calls for pre-poll tax cuts

COLIN BROWN

John Redwood will today call for £6bn in tax cuts – equivalent to 3p in the pound off the basic rate of income tax – to boost the Tories' chances with a pre-election Budget by Kenneth Clarke.

Mr Redwood believes the cuts should be targeted at reversing the introduction of VAT on fuel, and raising tax allowances to take more low paid out of tax altogether.

"If the current public spending plans remain, there cannot be any tax cuts," Mr Redwood said on Channel Four television.

The call by the former Cabinet minister, who challenged John Major for the leadership of the Conservative Party a year ago, will be reinforced by leaders of the right-wing 92 Group of Tory MPs who are planning to meet the Chancellor next week.

The pressure for substantial tax cuts will be increased by a Commons written answer showing the tax burden has gone up under the Tories. William Waldegrave, the Chief Secretary to the Treasury, confirmed the Budget estimate that total taxes and national insurance contributions had risen as a percentage of gross domestic product from 35.5 per cent in 1979-80 to 36 per cent in 1995-6.

The Tory right-wing intends to warn Mr Clarke that unless he is prepared to find the room for substantial tax cuts, the Tories' election chances will be dashed.

Tax cuts will mean substantial reductions in public expenditure, which could also prove unpopular. Mr Clarke has said he would not "slash and burn" to achieve tax cuts, and he has emphasised he is determined to follow a "sensible approach".



Final touch: A racegoer checking her face for Ladies' Day at Royal Ascot in Berkshire yesterday. Reports, page 27

Photograph: Harle Knox

## Major denies rout on beef

COLIN BROWN and STEVE GOODWIN

John Major last night denied he had suffered a "rout" in the row with the European Union over the ban on beef exports. The Prime Minister left for Florence minutes after appearing short-tempered in a live ITV interview over his failure to get a firm date for lifting the ban.

After facing a fierce attack from Tony Blair, the Labour leader, who accused him of a "humiliation" and a "rout" in

the Commons, Mr Major went on television to defend the plan. But he appeared rattled when pressed about a firm date for lifting the ban.

"The timescale is in our hands. To say to our partners they must fix some arbitrary date without knowing whether the objective criteria is met is plainly absurd. That is what we said at the outset, and I wish people would stop misrepresenting it," Mr Major said.

Mr Blair said that for ministers to call the deal a triumph

was "an utter travesty of the truth". There was no guarantee the ban would be lifted and Britain would be spending billions on compensation for years.

Britain's European partners, meeting in Florence today, may bow to British demands for an early lifting of the beef-export ban to third countries, in a final concession that could ensure a framework to end the crisis.

The call for the ban on exports to non-EU countries to be lifted speedily has been central to the Government's own pro-

posals for a framework deal. But it was rejected on Wednesday in the European Commission's draft framework.

As things stood last night, there was no prospect for Britain to export the beef oow being sold to British households to third countries – a vital part of Mr Major's demands.

However, signalling a possible trade-off at Florence, Lamherto Dini, the Italian Foreign Minister, yesterday voiced "sympathy" with Britain's position on third-country exports. Mr Dini envisaged a possible compromise formula under which Britain might export to non-EU countries on a "case-by-case basis". Given that Italy holds the EU presidency, the Foreign Minister's remarks are significant.

"I look with sympathy on the question of third-country exports," he said. "It may be that the problem could be solved on a case-by-case basis." Mr Dini said "health guarantees" would have to be ensured. But his remarks clearly suggested that the guarantees would not be as stringent as the demands for the lifting of the blockade on beef destined for the EU. "The export of the meat should happen on the same conditions that the meat is sold in the UK," he said.

Mr Dini said "health guarantees" would have to be ensured. But his remarks clearly suggested that the guarantees would not be as stringent as the demands for the lifting of the blockade on beef destined for the EU. "The export of the meat should happen on the same conditions that the meat is sold in the UK," he said.

Agreement on the European convention has been an urgent priority for Britain's European partners, particularly Germany, for more than a year. But Britain has always opposed parts of the convention, and blocked a possible compromise three weeks ago as part of its disruption campaign.

## Police in dark over IRA aims

DAVID McKITTRICK  
Ireland Correspondent

Sir Hugh Annesley, Chief Constable of the Royal Ulster Constabulary, yesterday conceded that the police and intelligence agencies were in the dark about the intentions of the IRA, saying he did not know whether to expect more bombings or a renewed ceasefire. However, he warned that IRA attacks were a possibility either in Britain or in Northern Ireland. If the IRA attacked in Northern Ireland, he said, loyalist groups would retaliate both in the north and in southern Ireland.

He said the IRA and Sinn Féin were inextricably linked, and forecast that there would be no split between them. He had no doubt that significant sections of the IRA's ruling army council wanted peace, but indicated that the state of opinion on the council was changeable.

Speaking at the launch of his last annual report before his retirement, and later in an extended BBC interview, Sir Hugh described the situation as worrying, unsettled and volatile.

He went on: "I believe Gerry Adams and Martin McGuinness are very, very influential people and I think they have a major say in the conduct overall of the republican thrust. There are, of course, other

members on the Provisional army council, and it seems to me at the moment that those who are arguing not for a resumption may from day-to-day be marginally in the majority.

"The difficulty is, it seems to me on a day-to-day basis, and that's why it's so difficult to read. So it's not just us, it's the entire intelligence services in the UK are unable accurately say that we believe the Provisionals will do a, b, c or d tomorrow."

Asked about the possibility of a split, he replied: "I think they would go to enormous lengths to ensure that it did not split. I think there are differences of opinion. I have no doubt that there are significant sections of the army council who want peace. The difficulty is that some have been associated with violence for so long. They don't trust the British, they don't trust the Unionists – it doesn't seem to me that there are very many people there who would see more violence rather than have a split in the IRA."

■ The Irish Prime Minister John Bruton, yesterday demanded from Sinn Féin a clear statement of its attitude to the IRA campaign of violence. "It is not a matter upon which they can be ambiguous or ambivalent," the Taoiseach said.

Letters, page 17

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## SIGNIFICANT SHORTS

The ship's crew on the *Sea Shepherd* arrested a whale shark in 1994. Captain, major of ship, was arrested. The ship's crew, John Pearn, 34, was arrested. The ship's crew, John Pearn, 34, was arrested. The ship's crew, John Pearn, 34, was arrested.

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# Vanishing tribes v. vanishing whales

Siberian hunters blast whales with anti-tank guns and Kalashnikovs. They have our blessing because they are 'aboriginals'. Should it be allowed? asks Nicholas Schoon

Siberian tribespeople have been using anti-tank weapons and Kalashnikov rifles to kill whales, Russia admitted this week.

Elsewhere in the Arctic, the Inuit people of Greenland use conventional fishing boats armed with state-of-the-art explosive harpoons. The fin and mink whale meat they catch can be found on sale in a supermarket in the capital, Nuuk.

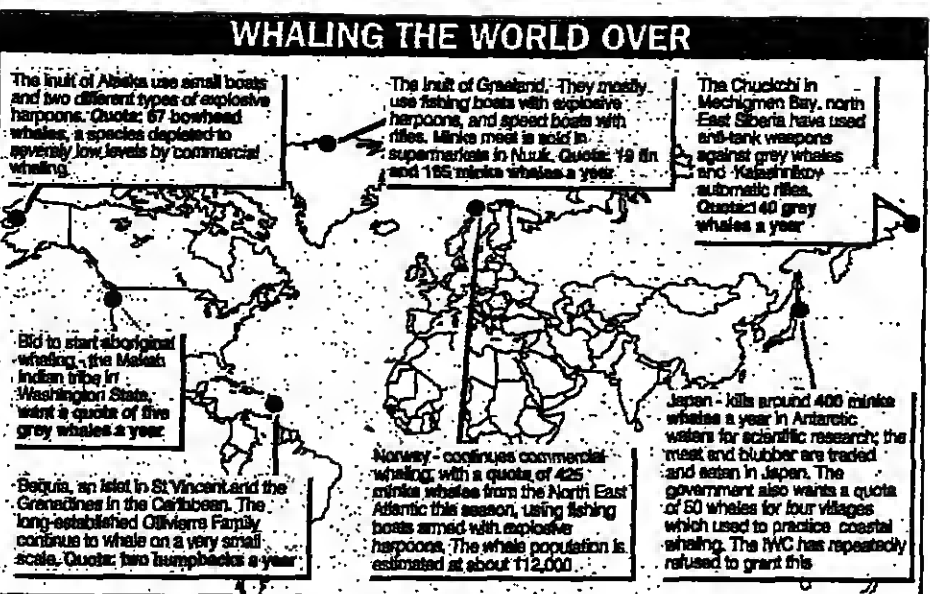
The reason these and other peoples of the far north are able to continue a slaughter the rest of the world repudiates is because it is deemed to be an essential part of ancient tribal culture. They are exempt from the International Whaling Commission's nine-year moratorium on commercial whaling.

But at next week's annual IWC meeting in Aberdeen this "aboriginal" or "subsistence" whaling - which kills hundreds of the mammals each year - will be the subject of heated debate.

What is really bringing matters to a head is the urgent wish of an American Indian tribe - the Makah of Washington state - to go back to whaling after ceasing 70 years ago. The United States government, a fierce opponent of commercial whaling, is applying to the commission for a quota of five grey whales a year for the Makah.

Only the tribal elders still have childhood memories of whaling, and the Makah will have to re-learn their lost skills. They are looking for help to the Inuit in Alaska, who never stopped whaling. Like the Inuit they may well use explosive harpoons. The tribe is invoking the 1855 treaty it signed with the US government which gave it "the right of taking fish and of whaling or sealing at usual and accustomed grounds."

Several Makah are coming to Aberdeen to lobby IWC delegates from the 30 nations attending. Some US animal rights organisations are strongly opposed to granting them a quota.



A sub-committee of the IWC will consider the request and review all aboriginal whaling tomorrow before making a report to the full commission next week. The US delegation expects resistance from several countries and pressure groups.

The commission's scientific committee has been meeting this week, and its members were startled by the Russian data on last year's aboriginal whaling. Five remote villages in the most north-easterly corner of Siberia caught only 85 of their quota of 140 whales. But on average 500 whales were shot at each from rapid-fire rifles, and two were shot with anti-tank rounds. "That was certainly a surprise for us," said Dr Ray Gambell, the IWC's secretary. The British government said it had grave concerns and would be seeking further details.

Russia used to provide the impoverished Chukchi tribespeople with a whale-catching boat, but that ended after the collapse of Communism. They have had to find other ways of trying to catch their quota. Outside the Arctic, there is only one legalised aboriginal whaler - Añnal Olivierre on the Caribbean island of Bequia. Like generations of his family before him, Mr Olivierre, who is in his 70s, continues to hunt humpback whales from a small boat using a non-explosive harpoon. His quota is just two a year, but this year he speared only one - and it got away.



Arctic harvest: The North American Inuits (above) and the Siberian Chukchi people continue an ancient tradition. Above left: Chukchis butchering a grey whale on the beach

## Police 'use untrained drivers' on emergency patrols

JASON BENNETTO  
Crime Correspondent

Untrained police officers and volunteers are being used to drive patrol cars in high-speed emergency calls, a Home Office-funded study has discovered.

The officers and Specials - unpaid civilians - are usually allowed to drive Panda cars after a nine-hour test, based on the current Department of Transport examination. Under guidelines, low-grade drivers are only supposed to use police vehicles for non-urgent inquiries, such as returning lost property, or following up crimes. But a survey of all 43 police forces in England and Wales discovered that most of them use unqualified drivers for emergency work, such as responding to accidents, riots and burglaries. This often involves high-speed driving, which they have not been trained to do.

News that untrained officers are frequently used comes as the Police Complaints Authority has instigated a national inquiry into a spate of fatal and serious accidents involving police vehicles. So far this year eight people have died in such incidents.

The increasing use of unqualified drivers is believed to be due to the high cost of training advanced motorists and the increasing demands on the police to answer calls quickly. About three-quarters of forces are understood to use the one-hour test system.

The use of untrained officers was highlighted as an "area of concern" in the 11-month study, *Examination for the Future*, which is part of the Police Research Group. The authors - two driving instructors in Thames Valley police - also identified concerns over variations in standards, leading them to call for a full review of driver training and grading. Sgt Brian Smith, co-author of the report, yesterday said: "The vast majority of officers who do the basic test are no better drivers than the average person in the street, except they are expected to answer emergencies in a hurry."

## Successful females herald dawn of a fairer future

GLENDIA COOPER

The future's bright. The future's female. As the next millennium dawns we are looking at the feminisation of society. Street lighting in dodgy alleyways, decent pub lunches instead of a curled-up sandwich, convenient car parks and shops which open late all show that the growing economic power of women is ushering in an era dominated by females and feminine values.

Women's increased employment combined with rising divorce rates and delayed marriage mean that more income is ending up in their hands. And as they increasingly move into traditionally male-dominated pursuits such as travelling on business, driving cars and visiting pubs, their stamp on society is becoming more marked.

In the world of work female employment has risen by one-

fifth since the early 1970s, while male employment has fallen by the same amount. The trend is set to continue with 80 per cent of jobs created by 2000 going to women. And many of the skills currently in demand by employers - flexibility, efficiency, teamworking - are favouring women, who have traditionally worked part-time or in the service industry.

The result is that areas such as the hospitality sector - which encompasses the sale of food, drink, accommodation and leisure and accounts for 1 in 10 jobs - is having to rethink in order to cater to this new market. Professor Bob Tyrrell, of the Henley Centre strategy and marketing consultancy which carried out a study for the Joint Hospitality Industry Congress, said: "There's a difference in priorities between women and men that has to be recognised. We've seen it happen in pub foods

where the standards have gone up because more families are visiting pubs... instead of just dads who would have been happy with a stale tomato roll. Also the appearance of healthy foods on the menus is undoubtedly primarily women-driven."

He added: "With women working there is a general increase on the pressures of time whereas there is less pressure on money. Women are looking for value for time and value for money." This will encourage consumers to demand immediate service and shops that can offer out-of-hours service.

Growing income polarisation and fear of crime have also created a demand for safe areas. "Safe" environments, such as Center Parc, and tagging of children in play areas have already proved popular. "There is a particular need for security which is beginning to be recognised by some operators,"

Professor Tyrrell said. "If you want women to patronise your outlets you have to have car parking. And you have to have a well-lit car park with no dark alleyways."

The other huge shift which is forcing a radical shake-up of views in the hospitality industry is an ageing population which needs to be catered for. While society and its institutions are still geared to the young, only 33 per cent of the population is aged under 25 and there is a rapid decrease in the 25 to 34-year-old population.

"We forecast radical changes in how we live and work and use our leisure time," said Michael Hirst, chairman of the Joint Hospitality Industry Congress. "Consumers will become vastly more demanding as we evolve towards a more feminine and aged society where huge emphasis will be laid on the efficient use of time."

## Why The Planet came to earth

REBECCA FOWLER

It was the briefest of orbits in the heady world of newspapers. *The Planet on Sunday*, launched by a millionaire environmentalist and travel entrepreneur, folded after only one edition this week, after its owner described it as "despicable".

The *Planet* was dubbed the "newspaper of the future" and for Clifford Hards, 65, who made his fortune selling cheap package holidays to Eastern Europe, it was to be a national platform for his beloved environmental issues. So how did the *Planet* and Mr Hards' £500,000 dream of a green newspaper go up in smoke?

In the best possible tradition of the media, it was over the content and "editorial differences" with his editor, Austin Mitchellson. In the first and only edition, Mr Hards who has stood unsuccessfully as an independent candidate for Parliament, set out his green agenda, calling for a reduction in international trade to reduce pollution, and suggesting that



Editor Austin Mitchellson (right) and Drew Robertson, deputy

Britain was better outside the EU. But when he opened the paper, which sold 115,000 copies, he found little else to please him than the Dan Dare comic strip. The alarmist tone of some stories and the celebrity articles, television and sports coverage, were not to his taste.

He said: "I feel it is better to withdraw than produce a publication that does not match the ideals of the environmental movement. I do however, appreciate how hard the staff have worked."

Among the more striking stories in *Planet* was the tale of

a jilted gorilla who turned violent, how sun-bathing could bring on "Aids-like diseases", and how Anthea Turner's sister had been bitten by a bat.

For the 12-strong editorial team it was a disappointing end to the newspaper's brief life. Mr Mitchellson, a founder member of the *Sunday Sport* when it was still writing of BS2s on the moon, had arrived for the first day of his editorship in buoyant mood. But at Wednesday's 10am meeting, Mr Hards arrived with his son, an accountant with his travel company, New Millennium, and said the whole venture was a mistake.

Mr Mitchellson said: "I was stunned by his decision. The publisher had seen it at every stage. Then he said no-one would buy the second edition because it was so terrible."

The staff had hoped to dent the circulation of the middle market including the *Mail on Sunday* and the *Sunday Express*. Now Mr Mitchellson is negotiating with a British backer to relaunch the *Planet*.

Leading article page 17

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THE INDEPENDENT

Aitken for inquiry

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# Aitken cleared by inquiry into export of arms

CHRIS BLACKHURST  
Westminster Correspondent

Jonathan Aitken, the former Chief Secretary to the Treasury, was cleared yesterday of being involved in illegal arms exports. A triumphant Mr Aitken said the verdict, from a powerful Commons Select Committee, was a step on the way towards clearing his name and resurrecting his ministerial career.

"I feel I have been cleared, exonerated and vindicated by this committee and its judgment," said Mr Aitken, who resigned from the Cabinet last summer amid a welter of allegations about his business dealings.

The Trade and Industry Committee confirmed articles in the *Independent* in April last year that Mr Aitken was a director of BMARC, an arms company which supplied guns to Iran in breach of a Government embargo. "Some GAMBOL 20mm KAA cannon made from components manufactured by BMARC found their way to Iran," concluded the report.

Following the *Independent* disclosures, Gerald James, BMARC's former chairman, was widely quoted as saying directors knew the naval cannons were heading for Iran and claimed that Mr Aitken was present at a board meeting when details of the contract to supply the guns – codenamed Project Lisi – was tabled for discussion. "We find that Mr James's allegations are, in gen-



Jonathan Aitken: Hoping to resurrect ministerial career

eral, incredible," the committee said. "On the matters we have examined in detail, Mr James has proved to be a highly unreliable witness."

The report by MPs went on: "We have found no reason to believe that Mr Aitken was aware of the alleged suspicions over Project Lisi nor any reason why he should have been suspicious himself."

The report was sharply critical of the way BMARC was repeatedly granted export licences by the Government to supply arms to Singapore, despite intelligence warnings suggesting the real destination was Iran.

MPs said the affair highlighted "major weaknesses" in the licensing procedures and called on the Government to appoint a senior civil servant to oversee the whole system. They set up their inquiry after being invited to do so in June last year.

by Michael Heseltine, the then President of the Board of Trade. In a dramatic statement to the Commons, Mr Heseltine confirmed the *Independent* revelation and asked the committee to investigate.

Despite having his imprimatur, the inquiry ran into difficulty. Martin O'Neill, the committee chairman, said yesterday that information had been requested from the Ministry of Defence, and refused. Instead, they had to rely on material supplied by *Jane's*, the defence journal. MPs also complained they were denied access to the actual intelligence reports, but were only given summaries by officials, and they called on the Government to be more open with future select committee inquiries.

Mr O'Neill denied that the report had been compromised because the committee did not have access to the raw intelligence reports – although he accepted the report would have had greater force if they had seen the material. "I don't think it is shot through with holes. I don't think it undermines the credibility of the report that we didn't have access to all the material," he said.

At the same press conference, another committee member, Ken Purchase, demurred from the outright attack on Mr James. Mr Purchase went on to maintain that Mr Aitken had brought the allegations on himself, saying he had taken his "eye off the ball" by becoming a director of the company.

Mr Aitken is pursuing libel actions against the *Guardian* newspaper and Granada television's *World In Action* over a number of allegations about his business dealings. Earlier this week, he succeeded in getting the trial set for October 1997 at the earliest. Defence lawyers accused him of trying to prevent the case being heard before the general election.



Rest from labour: Post Office workers taking a break yesterday outside the Mount Pleasant depot in central London

Photograph: Jane Baker

## So who will miss the mail today?

In the Nineties era of the fax and ever-spreading computer communications would we really miss the Royal Mail? If customers use other ways of communicating with each other today, why bother with the postal service in future?

Royal Mail is worried about competition from electronic mail between companies' computers on the Internet and Electronic Data Interchange. Today's first national post strike in a decade highlights the fact that more people are writing letters than 10 years ago, and so far no one has been able to challenge Royal Mail's abil-

The Post Office fears today's strike will lead customers to question their need for its services, writes **Barrie Clements**

ity to deliver to 25 million addresses all over Britain. But the Post Office is concerned that today's 24-hour strike over a new package of pay and conditions may prompt customers to question the need for its services.

Over the past 10 years the number of letters carried by Royal Mail has increased by half, to around 70 million a day at a time of strong competition from private carriers and burgeoning new technology. Personal letters have maintained

their 10 per cent share of the total; the rest is business usage.

Nevertheless, the Post Office's share of the £50bn-a-year communications industry fell from 20 per cent to 16 per cent over the same period.

Since 1984 the number of fax machines has increased by 1,500 per cent. British Telecom yesterday began an advertising campaign asking potential customers to "consider the fax". The last national postal strike a decade ago prompted a boom

in the sales of the machines.

The signs from the United States do not bode well. The US postal service calculates that a quarter of its revenue is under direct threat from electronic media. Around 4 per cent of its business has already been lost to other communications services.

In Britain in 1985 some 200 organisations had installed computer systems; today the total is 13,000. It is predicted that by 2004, two-thirds of households will have computers.

In response, the Post Office has developed a system whereby companies write letters on their computer screens and transmit them to Royal Mail which prints them out and delivers them.

Royal Mail's management knows it cannot afford to stand still. That is why it is demanding higher productivity from its 134,000 sorting and delivery staff.

"The union is seeking job security, but strikes only serve to undermine the public's confidence in the service and our ability to deliver such security," a spokesman said.



Link: How the *Independent* revealed Mr Aitken's directorship

## Schools forced to give low priority to books

FRAN ABRAMS  
Education Correspondent

Primary schools' spending on books is less than a third of what they need to cover the bare essentials, an inquiry headed by a former chief inspector of schools said yesterday.

Research commissioned by the Book Trust, a charity which promotes reading, revealed that while secondary schools were slightly better off they still spent less than half what they needed.

A separate report from the Educational Publishers Council has revealed that one primary school in five had less than £5 per year to spend on books for each pupil.

A committee of inquiry headed by Professor Eric Bolton, who was chief inspector from

1983 to 1991, concluded that primary schools needed to spend £45 and secondary schools £56 per pupil per year. In fact, primary schools spent just £14.21 and secondaries were spending £27.54, it said.

The study of a representative sample of 12 primary schools and 15 secondary schools throughout England showed a huge variation in the amount being spent. An independent secondary school spent £91 per year while a local authority school had just £21.30 and a grant maintained school had £50.

Its report says school underfunding is becoming more serious by the year, forcing headteachers and governors into giving a low priority to spending on books.

Schools must now find

money for computers as well as for books, and the introduction of the national curriculum has increased the need for new resources. Subjects such as religious education and art must now be taught using text books.

The cost of books accounts for just 2 per cent of all school spending, the report says, and the government should tackle the issue by allowing schools to bid for book grants.

Doug McAvoy, general secretary of the National Union of Teachers, said his union had been warning since the early 1990s that spending on books was too low.

"The Government is aware of this inadequacy which is why it constantly seeks to divert parents' attention by unjustly criticising teachers," he said.

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## politics

# Voters give Labour low rating on trust

JOHN RENTOUL  
Political Correspondent

Labour is stepping up work on its election manifesto because Tony Blair's advisers are worried about the vagueness of Labour policy, according to a leaked copy of the party's confidential "attack strategy".

Yesterday's speech by Mr Blair covered health policy, the transport policy unveiled by Clare Short and an employment policy paper to be published today, all of which will form part of the draft manifesto to be launched in a fortnight's time.

The leaked document makes the strikingly blunt admission: "A problem for Labour is that of trust. This is Tony Blair's weakest rating and it seems to be more to do with a lack of clarity about what Labour will actually do rather than a real fear of Labour." It admits Labour is vulnerable on eco-

Leaked strategy document shows Blair has to tackle party's vagueness

nomie issues and immigration. The document, dated 6 March, is believed to have been written by Margaret McDough, in charge of the Labour campaign for 90 target seats. It summarises the findings of the party's private polling, and reveals the fears of strategists about Labour's weaknesses.

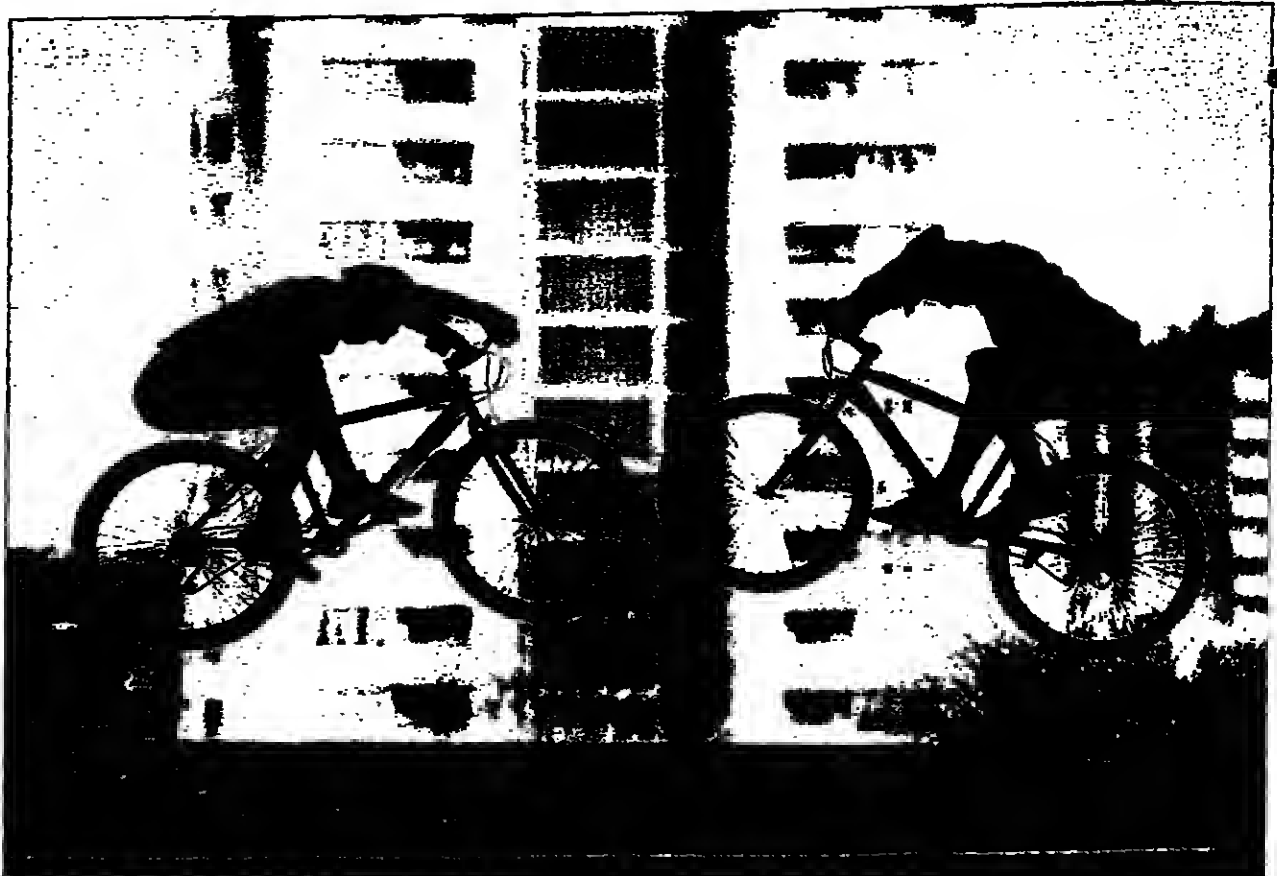
According to the party's polls, among the "salient" issues that could sway the key group of floating voters, are Labour's strong, but unspecific, points – "best for the whole country", "getting Britain going again" and "leadership" – and its vulnerable, but specific, interests – "taxes/inflation/interest rates" and "immigration". Trust, in particular, has been one of the topics occupying the Road to the Manifesto process that has

dominated party activity for the past three months. The launch of the draft manifesto is due on 4 July, after Euro 96, to maximise news coverage. A version drafted by Mr Blair and Robin Cook, the shadow Foreign Secretary, is being amended in consultation with John Prescott, deputy Labour leader, Gordon Brown, shadow Chancellor, and departmental shadow Cabinet ministers. It is expected to be approved by a special meeting of the Labour National Executive on 2 July.

The leaked document sets out the "policy lines" designed to protect against Labour's vulnerable points. For the economy, these include the "Tory tax hike", Labour's target of a 10p-in-the-pound starting rate of income tax, and cutting the

taxpayers' burden of welfare benefits. On "trust", it looks at "Tony in control", "won't promise what we can't deliver", "partnership with the people", and "trade unions – no favours". Some of the detail behind the employment section of the draft is set out in today's policy paper – *Building Prosperity: Flexibility, Efficiency and Fairness at Work* – which stresses that employees' security is best guaranteed by acquired skills, not by "detailed regulations notionally to protect their positions".

The document also warns the Labour leadership against adopting a negative campaign and attacking the Tories in the election run-up. It says: "The level of hatred and feelings of betrayal towards them are reducing. Too much negative imagery has the effect of depressing people, when Labour's (specifically Tony Blair's) greatest strength is positive vision."



More provision may be made for cyclists in Labour's integrated transport policy, which urges councils to take into consideration containing traffic growth and reducing pollution when producing strategy plans. Photograph: Peter Macdiarmid

## Councils to take lead in setting 20-year strategy

CHRISTIAN WOLMAR  
Transport Correspondent

Labour's much-trailed transport document was finally published yesterday containing a long list of good intentions but providing few details to provide ammunition for opponents.

The party is committed to a 20-year national transport strategy and the tone of the document is unashamedly dirigiste. At a conference in London held to launch the document, *Consensus for Change*, Clare Short, Labour's transport spokeswoman, stressed the need for an integrated transport policy, one of the hardy perennials of transport planners, and said in an effort to bring this about that each local authority will be required to produce its own 20-year transport strategy. Authorities will be required to "consider how to contain traffic growth, plan the location of new development, enhance public transport, reduce pollution and so on".

In return for making councils set these objectives, the Department of Transport would no longer require such strict controls over local spending plans. In answer to a question about road schemes in Yorkshire, she said it would be up to a local authority to determine how it would meet its targets on pollution and transport growth and "you will determine on your spending priorities... We believe that decisions about transport must as far as possible be taken by authorities at the local level" because they are more accountable locally.

While Labour's document has much in common with the Tories' Green Paper on transport published in April – as both parties recognise that a massive road-building programme is not the solution to the congestion crisis – this emphasis on targets and objectives is one of the sharp differences with the Government's policy which is against targets.

Ms Short's document is well within the Blair and Brown strictures for policy. There are no financial commitments on subsidies and while hinting at the odd radical move, such as reducing the incentives for company cars and tightening up the regulatory regime on the privatised railway, it offers few hostages to fortune or to attack.

On company cars, for example, the radicalism of earlier drafts has been toned down so that now the policy is to review taxation policy on company cars rather than setting out specific measures. Ms Short wants to see a shift from taxing cars to taxing their use, and suggests that bigger cars may pay a higher rate of excise duty than smaller ones.

On rail privatisation, she reiterated the commitment to recreate a strong British Rail, but was unable to say what role it would have other than taking over responsibility for franchising from the franchising director. She also failed to specify in what ways the regulatory regime for Railtrack would be tightened.

## NHS 'facing a stark choice'

NICHOLAS TIMMINS  
Public Policy Editor

A new public health agenda – including a tobacco advertising ban and a Food Standards Agency independent of the Ministry of Agriculture – was promised yesterday by Tony Blair to go with a renewed "vision" for the National Health Service.

But while he pledged an end to the erosion of the NHS which, he said, has forced more and more people to go private, and while he promised more "co-operative" and "flexible" commissioning in place of the internal market, he made clear there would be no early extra resources for the service and he provided no new detail on how Labour's changes would work.

In a speech to the National Association of Health Authorities and Trusts in Harrogate, North Yorkshire, Mr Blair said the service faced a "stark choice". It could continue down the road towards a scaled-down service in which people increasingly lost faith and reached for their chequebooks to pay for private cover. If that continued, "I genuinely believe that the NHS would cease to exist as we know it."

Or it could become a modernised service providing the "quickest and best" as part of a broader health policy which would include a tobacco advertising ban, a Food Standards Agency fiercely on the consumer side over food safety and labelling, and a Minister for Public Health charged with

Whitehall-wide action to reduce health inequalities.

Early action in the NHS would include a taskforce aimed at ending the scandal of trolley waits in accident and emergency departments, and making sure the NHS can cope with rising emergencies. "I do not see that people should have to wait on trolleys for hours in a modern NHS," he said. Admission wards, the diversion of some managers into bed management and greater responsibilities for nurses would also help.

But many of the changes needed did not necessarily require extra resources, Mr Blair said. He warned that Labour would have to see whether existing budgets were well spent, and that cash was not being wasted on ineffective treatments, before it would examine "whether there was still a funding gap that needed to be bridged".

Patients would expect Labour to work faster in weeding out ineffective treatment and ensuring the treatment that is provided is clinically proven, he said.

While repeating Labour's promise to wind up GP fund-holding, his message otherwise was one of stability – "practical reform, not upheaval based on dogma". Labour's priority would be "to make changes that are in the interests of patient care and not start making organisational change where it is not needed". Change would not be foisted on the NHS without consultation, he said.

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**NHS resources: Royal College renews demands for independent national council on spending priorities**

## Health ration decisions 'must be made public'

NICHOLAS TIMMINS  
Public Policy Editor

Every day, Dr David Ebbs, a fundholding GP from Didcot, decides not only what treatment to give but who will receive it. Like most general practitioners and hospital doctors in Britain he is no stranger to the concept of rationing healthcare. Constrained by the limits imposed on the NHS, he has even produced his own draft policy on making those choices. "I ration and prioritise on a daily basis," he said.

There is no doubt that rationing of healthcare already exists. But the wider problem, according to the Rationing Agenda Group, a leading group of healthcare specialists, is that, so far, the public has not been involved in the debate.

The group's concern, voiced yesterday, came as the Royal College of Physicians renewed its demand for the Government to create an independent National Council for Health Care Priorities to provide guidelines on selecting services and choosing those to be treated. The Rationing Agenda Group - involving leading

health academics, doctors, managers and members of health think-tanks such as the King's Fund - stressed that the issue now affects healthcare systems world-wide. But while more money might ease the constraints, "proposing other forms of finance is no escape from the fundamental issue" that has seen governments in Sweden, Norway, New Zealand and the Netherlands, set up studies on how to decide priorities. In Oregon, in the United States, the group said, there is even a system of lists detailing excluded treatments for the poor.

Richard Smith, editor of the *British Medical Journal* which convened the group, stressed that rationing and priority setting are the same thing. "Rationing has always been the case in the NHS. But there needs to be proper debate on the issue - rationing means denying to people treatments which are proved to be beneficial."

Adult dental care and long-term care of the elderly in the NHS is "falling away", he said, and Britain's mental and geriatric health services were "absolutely threadbare". Meanwhile, some new and expensive treatments cost so much they could not possibly be available to everyone. The cost of saving one year of life for a middle-aged woman with raised cholesterol, for example, would be £360,000. "So, somebody, somewhere, has to make decisions about what will be available."

Dr Ebbs believes that the UK's fundholding system especially demands openness in place of the secretive, implicit decisions taken in the past about patients' treatment. His practice, he said, had to choose whether to spend spare money on cataracts or tonsil removals and then decide which patients would benefit ahead of others - even whether self-inflicted conditions, such as those related to smoking, should sway the decision.

The agenda group's report will examine decision-making methods practised by the Royal College's national council, Citizens' Juries and public opinion surveys. Robert Maxwell, secretary of the King's Fund, said: "There's no single solution, but the secretive way it was done in the past is not good enough."

*British Medical Journal*, 22 June issue.

## 'It's like a cheque-book baby'

"He's four-and-a-half months now. He's got gorgeous eyes, ginger hair and he's a little sweetie. He's got a smile that can melt the North Pole," Julie Seale said proudly. But had it not been for the anonymous businessman who stumped up £2,500 for private fertility treatment when she was turned down by the National Health Service, Mrs Seale would never have known that smile, writes Clare Garner.

She lives, crucially, in Sheffield. At 36, she was denied *in vitro* fertilisation (IVF) by the

local health authority on the grounds that she was "too old". She took her case to the High Court, but was told that Sheffield had imposed an age limit of 25-35 for IVF on the NHS because of limited resources of £200,000-a-year. Neighbouring health authorities, however, had set different age limits.

"IVF on the NHS is like a lottery," Mrs Seale, 38, said yesterday, cradling her son Julian.

"It literally does depend on where you live. If I had upped sticks and moved to Doncaster, which is 18 miles down the M1, I would have got IVF to the age of 40 but sent back to Sheffield for it."

"It's like a cheque-book baby. It all comes down to money: £2,500 was like chasing the rainbow to us. We knew it was there but we couldn't get to it. I can't understand why you should have to pay for something which I think is a basic right. If you need medical help, then so be it."

### WHERE TREATMENTS ARE LIMITED

Almost a quarter of health authorities now explicitly ration services in at least some ways, according to a survey by the National Association of Health Authorities. But most of the exclusions centre on infertility treatments including IVF and reversal of vasectomies and sterilisations, tattoo removals and cosmetic procedures all of which the NHS has only ever provided to a limited degree. And in almost all cases, authorities say they will agree to exceptions where doctors can make a special case for treatment. Some are considering going further - limiting in-

patient traction, wart treatments, in-patient psychotherapy and some other services. But a whole range of services are effectively rationed implicitly - by setting limits on the number of hip replacements, IVF procedures or other treatments carried out, by limiting the numbers treated with very expensive therapies, and by deciding the balance of spending between different parts of the service - heart transplants versus mental illness services versus childhood renal dialysis - even though these latter choices are rarely spelt out in public or even, necessarily, consciously compared.

**Grommets for glue ear:** Considered to be too widely used when many cases resolve naturally. Five and Birmingham health authorities among others plan reductions.

**Eyes:** Cornwall health authority says it cannot afford to introduce comprehensive glaucoma screening service.

**Chuchlear implants:** Provided in only very limited numbers.

**Heart:** Expensive cholesterol-lowering drugs can save lives. But would cost £360,000 per year of life saved if given to all middle-aged women who might benefit.

**Tattoo removal:** Fewer and fewer authorities provide it, save for exceptional cases. Some hospitals promoting their private service.

**Back pain:** North-West Anglia considering excluding in-patient traction.

**IVF:** 11 Health Authorities, including Hertfordshire and Northamptonshire, say they won't purchase it. Others set age limits: 36 at start of treatment in South Lancashire, 40 in Merton, Sutton and Wandsworth.

**Hip:** Routine Hormone Replacement Therapy for older women to prevent fractures. Might prevent 5 per cent of fractures but authorities resisting screening programmes.

**D & C:** Often inappropriate in women under 40, though some may benefit. Many authorities purchasing fewer, none, or considering doing so.

**Varicose veins:** Treatment for purely cosmetic reasons ruled out by growing numbers of health authorities.

**Warts:** North-West Anglia considering excluding warts.

**Beta-interferon:** £10,000 a year treatment for multiple sclerosis. Reduces frequency of relapses in some, but does not change long-term outcome. Some authorities declining to provide it until better evidence available.

## Gummer moves to revive town centres

NIGEL COPE

The Government signalled the possible end of the development of new out-of-town shopping complexes yesterday when it unveiled a stringent set of planning guidelines designed to protect Britain's town centres.

The guidelines are intended to make it more difficult for developers to gain planning consent for edge-of-town and out-of-town schemes unless town-centre options have been explored first. Though some campaigners welcomed the new approach, others said it offered too little too late and that the damage to the high street had already been done.

Keith Vaz, Labour MP for Leicester East, said: "This was not a statement. It was an apology for years of neglect by this government of Britain's town and city centres. Over the years we have warned this government time and time again that the pursuit of their planning policies would destroy town centres. They ignored our concerns."

The fresh guidelines were announced by John Gummer, the Secretary of State for the Environment, whose initial guidelines three years ago have had only a marginal effect. The central issue is that developments on the outskirts of cities will only be allowed if more central schemes were not possible. Out-of-town schemes will only be tolerated as a last resort.

Better town-centre designs will be encouraged, with more emphasis on secure, affordable car parking and mixed use developments which include leisure activities as well as shops.

Mr Gummer said: "Cities and towns are the heart of our civilisation and we need their life and vigour for our survival. Towns are where most of our population live, work and shop. It is where we should be encouraging the location of shops, offices, leisure and housing."

The curbs will affect major property developers and the supermarket groups which are engaged in a constant battle with local authorities to build out-of-town superstores.



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## arts news

edited by David Lister

# Top orchestras 'papering' over audience cracks

NORMAN LEBRECHT and CHRIS PHILP

Some of Britain's finest classical orchestras are playing to half-capacity audiences with many in the auditorium paying nothing, or as little as a penny, for their tickets.

Although the audience figures are not made public, internal figures held by the orchestras indicate that both the Royal Festival Hall and the Barbican are playing to 50 per cent to 55 per cent full houses for symphonic concerts.

These figures, low as they are, include many tickets that are given away to the media or distributed discreetly within the music industry and beyond. In one case, a kitchen porter at a London teaching hospital has been responsible for handing out free concert tickets to nurses and medical students over a number of years.

A senior orchestral source told the *Independent* yesterday that the practice of in effect giving concert tickets away, or "papering", is widespread within the classical music industry. "Promoters, concerned that

concert halls will be empty, use a clandestine network of contacts to put the word out that the tickets are available," she said.

"Hospitals and fire stations are often used. One contact at a London hospital, who is used regularly, can produce 200 to 300 people on one night."

Some free seats are disguised in audience figures and accounts by charging a nominal fee, thus allowing the orchestras to count the free seats as paid for.

According to one former orchestra administrator, it is not uncommon for £45 tickets to be sold for 50 pence. "The ludicrous situation often arises when people sitting in adjacent seats have paid a few pence and over £40 respectively."

Richard York, deputy chief executive at the City of Birmingham Symphony Orchestra, has wide experience of leading London venues. He said yesterday: "Papering the house with giveaway tickets is a common practice in the capital. It takes place on a fairly regular basis to fill houses that would otherwise be an embar-

assment." The Barbican Centre admitted yesterday that it is one of the venues where papering takes place. Lisa Collins, a press officer, confirmed that the practice occurs, but would not "divulge commercially sensitive information on pricing and promotions".

A spokesman for the Royal Festival Hall, which attracts average audiences of 1,700 per performance against its 2,700-seat capacity, denied that "papering" was officially sanctioned, but refused to give box-office revenue figures.

Part of the reason for declining audiences is that young music lovers, raised on three-minute pop discs and quick-cut television soaps, lack the patience to sit through an hour of Bruckner. Senior citizens, who form the bulk of subscribers, often now fear to venture into inner cities. The practice of massaging of audience figures is detailed in a new book on the classical music industry to be published next month.

When the Music Stops, by Norman Lebrecht, is published by Simon & Schuster on 1 July, price £16.99.



Dancing on air: Shoes worn by Doreen Russell of the Royal Ballet were up for auction (estimate £70) last night at Trinity Hospice, south-west London, in the hospice movement's fund-raising Sunflower Week. Photograph: Peter Macdiarmid

## Penguin chief to join family business

JOJO MOYES

The head of the Penguin Group of publishers is leaving after 18 years to run his family's trade publishing house in New York, it was announced yesterday.

Peter Mayer, chairman and chief executive officer since 1978, will leave Penguin at the end of this year to take charge of the Overlook Press, a publishing house he established with his father in 1971.

Mr Mayer will continue to act in the role of "senior adviser" to Penguin, possibly Britain's best-known publisher with authors ranging from Graham Greene and Gabriel Garcia Marquez to Dick Francis and Stephen King. Duncan Campbell-Smith, recently appointed development director at Penguin UK, is among those tipped as his successor.

Mr Mayer, 60, was seen as an unlikely addition to Penguin because of his direct, almost "brash" approach. He presided over the unpopular closure of the Pelican line of books and the unexpectedly popular launch of the 50p classic, which is said to have changed received wisdom about the way the public acquires culture.

More importantly, he has overseen Penguin's recent transformation from a loss-making business.

## DAILY POEM

### Gray's Pier

By George Mackay Brown

I lay on Gray's pier, a boy  
And I caught a score of sillocks one morning

I laboured there, all one summer  
and we built the Swan

A June day I brought to my door  
Jessie-Ann, she in white

I sang the Barleycorn ballad  
Between a Hogmanay Star and New Year snow

The Swan haddock-heavy from the west -  
Women, cats, gulls!

I saw from the sea window  
The March fires on Orkney

I followed, me in black  
Jessie-Ann to the kirkyard

I smoke my pipe on Gray's pier now  
And listen to the Atlantic

"More than people who live in cities, perhaps, islanders in the north and west are vividly aware of the sun and its four stations through the year - the equinoxes and the solstices," wrote George Mackay Brown in the introduction to his final poetry collection, *Following a Lark*, which was published posthumously by John Murray last month.

These studies of season and light complete the body of Orkadian stories, verse and songs, which began with the publication of *Loaves and Fishes* in 1959. George Mackay Brown died on 13 April.

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# End of the road for Russia's 'party of war'

HELEN WOMACK  
Moscow

Whether they were really trying to stop the second round of the Russian presidential election or whether they were set up by Boris Yeltsin's campaign team, we will probably never know. But the result of their sacking yesterday is clear.

The bodyguard Alexander Korzhakov, the secret policeman Mikhail Barsukov, and the defence industry bureaucrat Oleg Soskovets have lost the powerful influence they exerted over their boss, which made despising reformers lameot the Kremlin had fallen into the hands of latter-day Rasputins.

Along with Pavel Grachev, the defence minister dismissed on Tuesday when General Alexander Lebed was named as Mr Yeltsin's new security supreme, two of the three men formed the so-called "party of war" which persuaded the President to send troops to Chechnya in December 1994. That tragic error threw the whole of the Russian reform process off course and was the reason why many democrats deserted Mr Yeltsin in this crucial election year.

But Chechnya was only the most dramatic manifestation of the influence of this shadowy coterie which had more access to Mr Yeltsin than ministers, especially during his two bouts of heart disease last year. General Korzhakov, 46, who lived in the same apartment building as Mr Yeltsin, played tennis, swam and drank vodka with him, was said to be the real number two

in the country, not the Prime Minister, Viktor Chernomyrdin.

Gen Korzhakov, aided by his cronies, bugged the telephones of ministers and interfered in economic policy, and allegedly ran a slush fund from the profits of oil, gold and diamond exports and a "think-tank" which spread disinformation.

Meanwhile his deputy, Major General Georgy Rogozin, lulled the ailing Mr Yeltsin into a sense of well-being by ordering horoscopes for him, "correcting his karma" and making sure his bed was always aligned on a north-south axis.

Gen Korzhakov, who had too much to lose from changing the status quo, was never keen on the elections taking place and in May said they should be cancelled to prevent the risk of bloodshed. But he was publicly rebuked by Mr Yeltsin who had set his heart on a second term. He stopped short of sacking him, however.

It may be his strength as a human being but it is his weakness as a politician that Mr Yeltsin is loyal to his friends. And Gen Korzhakov, a bull-like figure with dark, greasy hair plastered across his bald pate, was an old friend.

A career KGB officer, he was assigned to protect Mr Yeltsin when he came to the capital from Sverdlovsk in 1985 at the invitation of the then Kremlin leader, Mikhail Gorbachev, to run the Moscow branch of the Communist Party.

When in 1987 Mr Gorbachev hounded Mr Yeltsin from office, the bodyguard showed unusu-



Fall from grace: Gen Alexander Korzhakov (left), and the First Deputy Prime Minister, Oleg Soskovets (right), with President Yeltsin. Photographs: AP/Reuters

al courage in standing by his disgraced boss. And at another difficult moment, during the attempt by hardliners to overthrow Mr Gorbachev in August 1991, Korzhakov was at Mr Yeltsin's side as he stood with him on a tank trying to rally the crowds to resist the *putsch*.

When Mr Yeltsin took over the Kremlin, he rewarded his faithful sidekick by making him

head of the presidential security service, a body which officially has 800 men although Russian press reports say it is really 4,000-strong. He also put him in charge of the crack Alpha anti-terrorist unit.

Mr Yeltsin's trust was not misplaced. During the parliamentary uprising of October 1993, the bodyguard played a key role. After Gen Grachev

had sent tanks against the White House, Gen Korzhakov arrested the rebels and escorted them to Lefortovo Prison.

In his memoirs, Mr Yeltsin wrote: "Alexander Korzhakov and I have been inseparable since 1985 when I moved to Moscow. He is a very decent, intelligent, strong and courageous person. While outwardly he seems very

simple, behind this simplicity is a sharp mind and an excellent and clear head."

Alexander Kazannik, a former public prosecutor, put it another way. "I have the impression he decides everything in the Kremlin. Everyone there knows that in order to drag through a doubtful decision or sign an illegal decree, you have to go to Gen Korzhakov."

Like Mr Yeltsin, Gen Korzhakov is also a man who does not forget his friends, which is where Mikhail Barsukov, head of the Federal Security Service (FSB), the successor to the domestic departments of the KGB, comes in. In June 1995, after a disastrous incident in which Chechen gunmen took hundreds of patients hostage in the hospital in the southern

Russian town of Budyonnovsk, parliament was screaming for cabinet heads. Sergei Stepashin, head of the FSB, was fired and a successor was needed.

Gen Barsukov, 48, the head of the Kremlin guard, a man who had spent his entire career in the Kremlin, was appointed because he was a protégé of Gen Korzhakov. Given his lack of wider experience, it was inevitable he would foul up, which he did spectacularly in January when he took a sledgehammer to crack a nut in the Dagestani village of Pervomaiskoye where Chechen rebels were again holding hostages.

The First Deputy Prime Minister, Oleg Soskovets, the third man to lose his job yesterday, is not such a colourful character, but the reformer Anatoly Chubais, who accused the three of planning a coup, called him their "spiritual father".

Another influential figure from the old Yeltsin entourage remains in place for the time being - the President's tennis coach, Shamil Tarpishchev. He is closely linked to Boris Fyodorov, head of the National Sports Fund, who was shot in the stomach this week by unknown assailants and is now fighting for his life. Conspiracy theorists suggest that somebody wanted him dead lest he reveal too much.

## Correction: Mohamed Denideni

Our article "Algeria hemmed in by a harrier of steel" (16 November 1995) referred to Algerian police records of a fax sent by anti-government "terrorists" to a Mohamed Denideni in Britain. This was not intended to refer to Mr Mohamed Denideni, a former Islamic Salvation Front parliamentary candidate in

Algeria, now living in exile in London. Mr Denideni asks us to point out that he has never supported violence against the Algerian regime but is wholly committed to bringing about changes in his homeland through democratic elections. We regret any confusion that has arisen and apologise to Mr Denideni.

## SIGNIFICANT SHORTS

**Bosnia's elections will probably go ahead.** Scheduled on 14 September, although conditions are far from ideal, the Swiss foreign minister - who has the final say on holding the vote - indicated yesterday. Flavio Cotti, chairman in office of the Organisation for Security and Co-operation in Europe, the security and human rights group charged with organising the elections, said he would announce his final decision next Tuesday.

Meanwhile, Serb soldiers in eastern Croatia grudgingly surrendered their weapons and uniforms, completing the demilitarisation of Croatia's last Serb-held region. The process is considered a key step in the re-establishment of Croatian government rule over an area that Serb rebels had controlled for almost five years. *AP - Vienna*

**Police detained some 80 African protesters in the Spanish enclave of Melilla.** In Morocco, early yesterday and were to fly them to detention centres in Madrid before deporting them. The undocumented central African immigrants had been sitting in outside the city's government offices since Monday demanding entry to mainland Spain. Spain's Interior Minister, Jaime Mayor Oreja, said the police chiefs and political leaders of Melilla for urgent talks in Madrid today to stem the flow of African refugees into Europe via Spain's North African possessions. *Elizabeth Nash - Melilla*

**Papua New Guinea launched an offensive against rebels on the province of Bougainville Island,** despite a plea by its key aid donor and neighbour, Australia, not to escalate the conflict. The Papua New Guinea Defence Minister, Mathias Jirua, said that the offensive was aimed at the 10 per cent of the resource-rich island controlled by the rebel Bougainville Revolutionary Army (BRA). *Reuters - Port Moresby*

**Denmark's long-disused law against prostitution** should be scrapped, according to a majority of Danish parliamentarians. The 135-year-old law bans "idleness" and "support from women earning a living by indecency". But it has been little used recently, the Copenhagen Prosecutor, Ove Wakeup, said. Prostitutes flaunt their services and some pay income tax. *AP - Copenhagen*

**Bangladesh's centrist Awami League party overcame** its last hurdle to taking power yesterday when a former student leader pledged to support its bid to form the next government. A.S.M. Abdur Rab, chief of the Jati Samajtantrik Dal (JSD), told a news conference he would give "unconditional support" to Sheikh Hasina to form a government following her party's victory in parliamentary elections. *Reuters - Dhaka*

**The space shuttle Columbia slipped into orbit** yesterday on a mission to study changes in the human body in weightlessness. The American, Canadian and French astronauts will conduct \$138m-worth of biomedical, plant, fluid and metal experiments. *AP - Cape Canaveral*

**The Whitewater prosecutor, Kenneth Starr,** should extend his mandate to investigate whether the White House improperly obtained FBI files, including some on Republicans, the US Attorney General, Janet Reno, said. Her statement represented a dramatic change from just two days ago when she announced the FBI would conduct a preliminary investigation into the rapidly escalating controversy. *Reuters - Washington*

**Prison inmates in El Salvador are threatening to kill** four of their own through a "lottery of death" unless conditions improve in overcrowded prisons. Inmates at Santa Ana prison - designed for 300 people but holding 790 - have been on hunger strike since Sunday and have held the lottery. Four prisoners who drew cards marked "death" will be strangled in their cells starting on 30 June unless conditions change, inmates said. *AP - San Salvador*

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## international

# India could block nuclear test treaty

CHRISTOPHER BELLAMY  
Defence Correspondent

India yesterday said it would not sign the global nuclear test ban treaty until the existing nuclear weapons states committed themselves to eliminating their nuclear arsenals within roughly a decade. India's opposition threatens to derail the Comprehensive Test Ban Treaty (CTBT) negotiations, which are due to finish on 28 June or, if it is signed, to prevent it ever taking effect.

India said it would remain at the negotiations. But the opposition of one of the three "nuclear threshold" states — India, Pakistan and Israel — could delay adoption of the treaty for which negotiators have been striving for almost 40 years, and, even if it is signed, render it ineffective.

India is one of eight countries — the five declared nuclear powers and three "threshold" powers — which the official nuclear powers want to ratify the treaty before it comes into force. India also refused to accept that provision yesterday. The official nuclear powers believe that unless the treaty

becomes law in the threshold states, which either have nuclear weapons (Israel), or could build them very easily (India and Pakistan), it will be meaningless.

India's Foreign Minister, I K Gujral, said: "The treaty as it has been drafted is a charade. If we want to rid the world of these weapons, then it is the five powers, which have these weapons, which have to do something." India's stand means that the five nuclear weapons states will have to make some concession to India, including a commitment not to build new nuclear weapons and some sort of timetable for eventual nuclear disarmament, or agree to let the CTBT come into force without India.

The first discussion of an international nuclear test ban treaty began in 1958. Some arms control campaigners fear that if the 28 June deadline is not met, 40 years of work to reach the CTBT will have been in vain. But diplomatic sources last night said a further delay for negotiations would not kill the treaty.

India signed the Partial Test Ban Treaty (PTBT) in 1963, which prohibited tests in the

atmosphere. It conducted a so-called "peaceful nuclear explosion" under the Rajasihan desert in 1974 but has not exploded a nuclear device since, although the US State Department warned of indications that it was preparing to conduct a test there earlier this year.

India is, therefore, a "threshold" nuclear state, which could assemble a workable nuclear device quickly. Pakistan, with which India has fought three wars since 1947, has a proven missile-warhead design and could also assemble weapons quickly. Current Indian doctrine envisages keeping components of nuclear weapons separate, which can be assembled when needed to carry out a "second strike" in response to attack by Pakistan or China.

When the CTBT was first proposed, a ban on testing would have acted as an effective constraint on the development of new weapons by the established nuclear powers and on nuclear proliferation.

To ensure new nuclear weapons worked it was necessary to test them, and nuclear stockpiles also had to be tested periodically to check they still

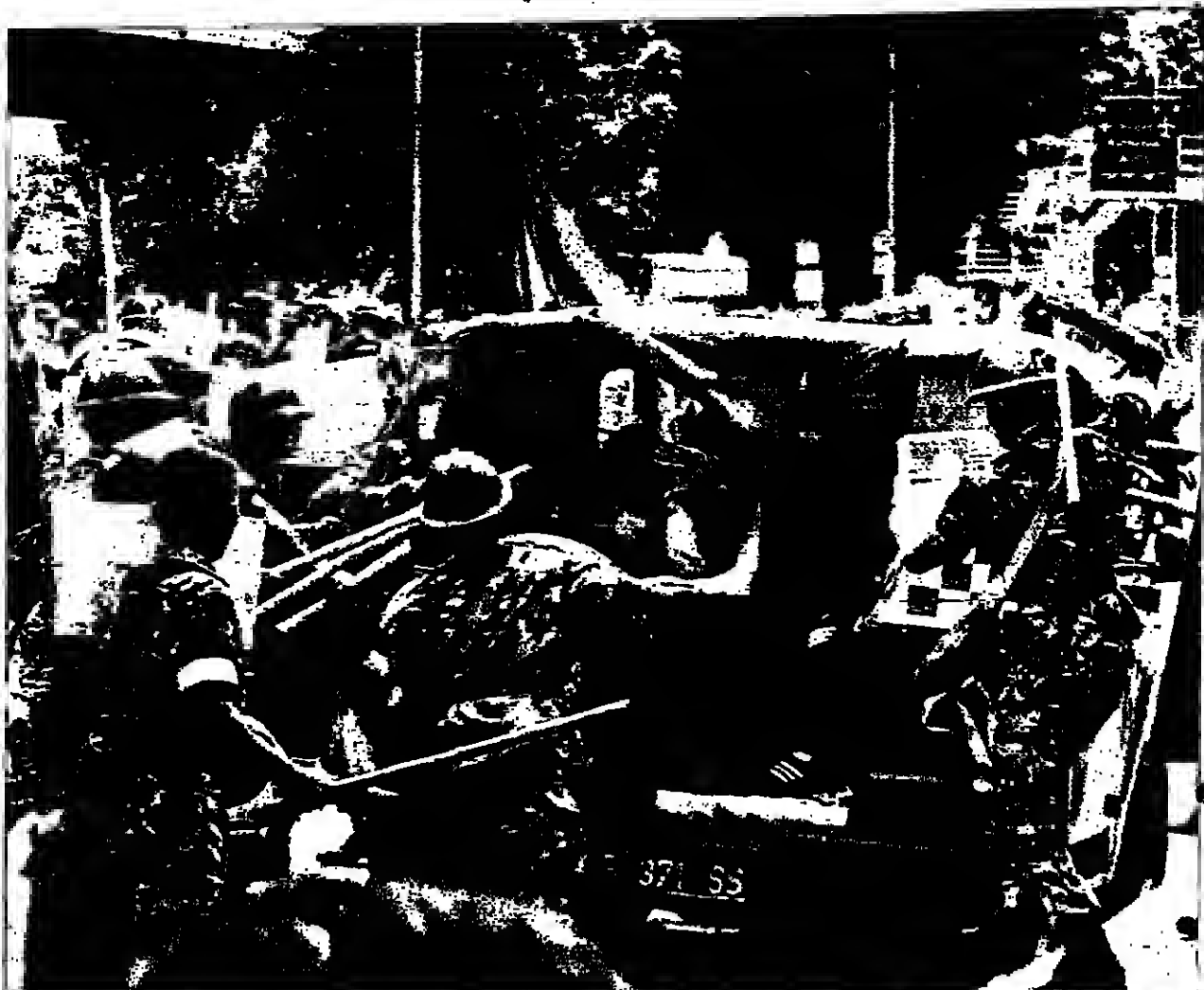
worked. However, modern computer simulation techniques have made tests unnecessary. France's nuclear tests in the Pacific last year were the last, and Monday's agreement between France and the US to share nuclear data has further obviated the need for tests.

Some experts also question whether India would need to test nuclear weapons. Pravin Sawhney, a former Indian Army officer and a research fellow at the Royal United Services Institute in London, said India could build "boosted fission" devices — nuclear fission bombs with a fusion component similar to the first British "H-bombs", and with a yield of up to 500 kilotons — without tests.

"The Indian government has invested heavily in super-computing and related software", Mr Sawhney wrote in the Institute's journal.

"It is assumed Israel is capable of manufacturing nuclear weapons and has deployed them. India's nuclear infrastructure and scientific base is as well developed as that of Israel. If the latter can make nuclear weapons without testing, India can certainly do it".

## Indonesian troops quash protest rally



Jakarta (AP) — Indonesian soldiers beating supporters of the main opposition party after about 5,000 of them tried to stage a demonstration outside the Home Affairs ministry in Jakarta.

Dozens of protesters fell to the ground with injuries. One person was run over by a jeep in which some of the protesters were trying to flee. The charge against the demonstrators, who wore their party's red shirts and

headbands, was led by the chief of staff of the Jakarta military command, who grabbed a party flag from a young man and tore it apart. "You dogs, you are only troublemakers," he shouted. The army denied committing any brutality and said that the soldiers had been attacked with stones.

The violence occurred after the demonstrators from the Indonesia Democratic Party held a march to protest against

a military-backed dissidents' congress, which was held to oust their party's leader, Megawati Sukarnoputri.

Ms Megawati is the daughter of Indonesia's former leader, president Sukarno, and has emerged as a possible challenger to President Suharto, a former army general, in the 1998 elections. The military takes an active part in running Indonesia's government. Out of parliament's 500 seats, 100 are

reserved for the military. Earlier yesterday, party rebels began a three-day congress in the western city of Medan with a speech by General Feisal Tanjung, commander of the armed forces.

President Suharto has ruled the country since 1966. He moved in after crushing a failed coup against Sukarno that was blamed on Communists. It led to the massacre of up to half a million people.

## Kohl buys peace by caving in to unions

IMRE KARACS  
Bonn

Germany averted a summer of strikes in the public sector yesterday, but at a price that looks set to bust its budget ahead of European Monetary Union.

After a series of warning strikes, a huge trade union demonstration and rebellion within government ranks, Chancellor Helmut Kohl's budget has become significantly less austere than was intended. Economists calculate that in 1997, the year

when applicants must bring their budget deficits to within three per cent of GDP to qualify for monetary union, Germany's deficit will be about 3.5 per cent.

The final blow against Mr Kohl's "savings package" was struck yesterday by the public employees' trade union, OTV, which settled for a 1.3 per cent pay rise for next year, on top of a one-off payment of 300 German marks (£130) each. The government had offered no pay increase for two years, but

caved in after a month of well-coordinated strikes, which paralysed different towns on different days.

The cost of its retreat is a cool DM4.1bn, but Mr Kohl has also been rowing back on welfare cuts: The pension age for women will not, after all, be raised to 65, sick pay might not be cut by 20 per cent, and child benefits will increase by 10 per cent next year. Thus, the original budget cuts of DM50bn have been whittled down to about DM35bn.

Beside money, the unions have forced Mr Kohl to abandon plans to abolish protection for workers in firms with less than 10 employees. In the long term, this will only cement an already rigid labour market, discouraging small entrepreneurs from hiring more staff.

Politicians attribute the German economy's woes to labour costs, which are the highest in the world. These accrue from the heavy social security contributions, which Mr Kohl has tried — and now failed — to cut.

## Arab leaders huddle together to conjure up ghost of unity

ROBERT FISK  
Cairo

King Hassan of Morocco is in too much of a huff to come. The ruler of Qatar can't make it because he's a little worried that his deposed father may re-take his emirate while he's away. Muammar Gaddafi, the Arab world's favourite colonel, has not yet made up his mind. Sultan Qaboos of Oman won't be there because he was on holiday in Cairo only recently. And Saddam Hussein has not been invited because of what Egypt's President, Hosni Mubarak, sweetly referred to as "continuing sensitivities".

But the President of the French-speaking Comoros Islands, Mohamed Taki Abdoukarim, — not perhaps the first name that comes to mind in almost half a century of Arab-Israeli conflict — has already arrived in Cairo to attend the make-or-break post-"peace-process" Arab summit.

It is, of course, easy to be cynical about Arab unity, the one concept that has defeated Arab

Nasserists and Socialists and Communists and Baathists and kings and emirs — but never Israel — since the Arab League was created in 1945.

And it should be said that when 21 representatives of the 22-member League sit down in Cairo tomorrow to worry about Benjamin Netanyahu's election victory, 14 heads of state — if Colonel Gaddafi comes — six prime ministers or crown princes and one rather more humble delegate will take their places around the massive table specially constructed by Hosam Mustafa, an Egyptian designer, to prevent any pecking-order problems among the Arab chieftains. The table is oval and, by means of a mysterious but still unexplained device, allows each speaker to sit at one of 20 mobile table-tops and thus achieve equal status in which to defend the Arab homeland.

The bumbler representative will be the ghost at the table; Abdullah Hassan Mahmoud is Somalia's man at the Arab League in Cairo, speaking (if he does) on behalf of a government

that doesn't exist because Somalia is in a state of fratricidal war. Few doubt that it is for President Assad of Syria that President Mubarak called the first Arab summit in six years.

Even fewer doubt that Syria faces an American campaign of vilification to persuade the world that Syria, rather than Israel, is responsible for the collapse of the Middle East peace accords, a collapse which almost all the Arabs here will have to pretend has not yet occurred; because the Cairo summit is supposed to present the Arabs as four-square behind the American-brokered pact, ready and waiting for the West's promises of land-for-peace to be honoured.

If those promises are not honoured, then Syria may demand a renewed Arab economic boycott of Israel. Yasser Arafat will demand that the world insist that Israel stand by the Oslo accords, even though the world has no obligation to do, so since Mr Arafat sought no international guarantees for his "peace" with Israel — and

King Hussein of Jordan, who almost decided on non-alignment, will urge moderation, reminding delegates that he is the only Arab leader present to have personally met the much-feared Bibi Netanyahu. President Mubarak will call for a common stand on future peace-making and, of course, for Arab unity. Which will please Libya's foreign minister, whose official title is — you guessed it — the "Secretary for Arab Unity".

King Hassan's absence is easily explained. He wasn't consulted about summit planning. Nor for that matter was King Hussein, although he is coming, along with Crown Prince Abdullah of Saudi Arabia, King Fahd being, as they say, unwell — and the Emir of Bahrain, who is taking time off from a little local trouble at home. Syria will also want to debate Turkey's threat to the Euphrates water supply and to its northern border, a pressing problem for all the Arabs, since the Ottoman Empire sometimes seems more real than Arab unity.

Essay, page 18

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# Washington to block UN chief's second term

DAVID USBORNE  
New York

Boutros Boutros-Ghali faces almost certain termination as the Secretary-General of the United Nations at the end of this year following confirmation yesterday that President Bill Clinton will not support him for a second term.

Mr Boutros-Ghali has simultaneously made it clear that he intends running as a candidate none the less, setting the stage for a potentially bruising struggle between governments sympathetic to him and the United States at a time when the UN is facing an array of delicate problems.

The former Egyptian foreign minister, who will be 74 in November, is well liked by most of the developing world. On the Security Council at least China, Russia and France are believed to favour him for a second term. Britain yesterday refused to take any public position on his future.

The White House spokesman, Mike McCurry, indicated that the President had decided several weeks ago to block Mr Boutros-Ghali's re-election. Mr Clinton has come under intense domestic pressure to find a new candidate for the post, notably from Republicans on Capitol Hill. In the history of the UN, however, no previous Secretary-General has been denied a second term.

"The President now believes it is very important to get new leadership of a very vital international organisation that has many challenges," Mr McCurry said. "It is important to have leadership that is capable of reforming the UN bureaucracy and decreasing the cost of financing the United Nations."

The struggle to agree on a candidate for the post now begins in earnest and will culminate in an informal election, by a show of hands, inside the Security Council towards the end of this year. Because the US will be in a position to exercise a veto in the council, Mr Boutros-

Ghali's prospects must be bleak indeed. Any change of heart by Washington seems unlikely.

Mr Boutros-Ghali, who is on an official visit to Germany, said yesterday: "I still hope that the United States will change its position. We still have six months until the election." He is scheduled to visit London next Wednesday for talks with the Prime Minister, John Major.



Boutros-Ghali: Backed by 'majority of members'

and the Foreign Secretary, Malcolm Rifkind.

In a non-committal statement, the Foreign Office praised Mr Boutros-Ghali as a "distinguished statesman who has served with honour in one of the world's most difficult assignments at a very testing period in the United Nations' history". Britain was not a supporter of Mr Boutros-Ghali when he was appointed in 1990 and is unlikely to oppose the US by supporting him now.

There was undisputed disgust from Mr Boutros-Ghali's inner circle in New York at the American decision. "Because one member state says one thing, that should not neces-

sarily be the rule of law. This is a democratic institution," Ahmed Fawzi, a spokesman for the Secretary-General, said.

He suggested that Mr Boutros-Ghali had been undermined by an unfair campaign against him in the US media. "It is disheartening to see lies being said about this organisation. I can tell you, I am really sick of it."

Mr Fawzi said that the Secretary-General had been assured the support in his re-election effort from a "majority of the member states of the UN" and that this included specific pledges from "members of the Security Council".

For France, President Jacques Chirac has stated publicly in recent weeks that he would like Mr Boutros-Ghali to serve another term. A spokesman of the French Foreign Ministry in Paris said yesterday: "There is a long tradition of Secretaries-General being given a second term and you know the esteem and the regard in which we hold Mr Boutros-Ghali." The spokesman stopped short of pledging to fight the US on the issue, however.

Two figures who have been frequently mentioned in recent weeks as possible replacements for the Secretary-General claimed yesterday that they would, in fact, not be running. They include the President of Ireland, Mary Robinson, the chief of the UN High Commissioner for Refugees, Japan's Sadako Ogata, and Gro Harlem Brundtland, the Prime Minister of Norway. The name of Kofi Annan, a Ghanaian who is the chief of UN peace-keeping, has also been mentioned.

Resentment is sure to boil up inside the United Nations at the position taken by the US. A large number of developing countries make little secret of their contempt for the role of the US in the organisation, especially since it owes it some \$1.5bn (£1bn) in unpaid dues, roughly half of the UN's debt.



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### THE POTENTIAL CANDIDATES



**Mary Robinson:** Elected 1990 as Ireland's first woman president. Robinson, 52, has been touted as a candidate by Irish-Americans. Has said she was not interested in the UN post, but this month spoke in New York of her views on the future of the organisation and her vision of globalisation.



**Gro Harlem Brundtland:** Became Norway's youngest-ever Prime Minister in 1981, when she formed first of several governments, most recently in 1990. The former leader of Norway's Labor Party, Brundtland, 57, served as head of the UN Commission for the Environment and Sustainable Development.



**Sadako Ogata:** A former dean at Tokyo's Sophia University, Ogata, 68, was elected UN High Commissioner for Refugees in 1990 and is considered one of the organisation's most effective administrators. Her agency is one of the UN's largest, and cares for millions of refugees worldwide.

## Secret manoeuvres in search for replacement

There is an open door waiting for anyone out there aspiring to be the next Secretary-General of the United Nations, writes David Usborne. But know this: the race between now and 31 December will be one of dissembling and deceit, with the powers elbowing one another for advantage and where nothing can be taken at face value.

This game has already been running for several weeks though we, the public, knew nothing of it. President Bill Clinton, it transpires, decided to

ditch Boutros Boutros-Ghali in late March and the Secretary-General was told as much by Warren Christopher, the US Secretary of State, in mid-May. An attempt to offer the Egyptian an exit with dignity, by way of an extension of just one year, fell flat because he himself did not care for it.

So who does the White House want in his place? Apparently, it has no name in mind. It is widely believed, moreover, that were the US openly to nominate someone, it

would be akin to a kiss of death for that candidate, so widespread is the disdain for Washington inside the organisation.

The qualities President Clinton would seek are easier to discern. Above all, he wants a person with a record of organisational skills who will pledge to transform the UN into something resembling less a world bureaucracy and more a modern corporation.

If that candidate happens also to have a phone book full of high political contacts, a

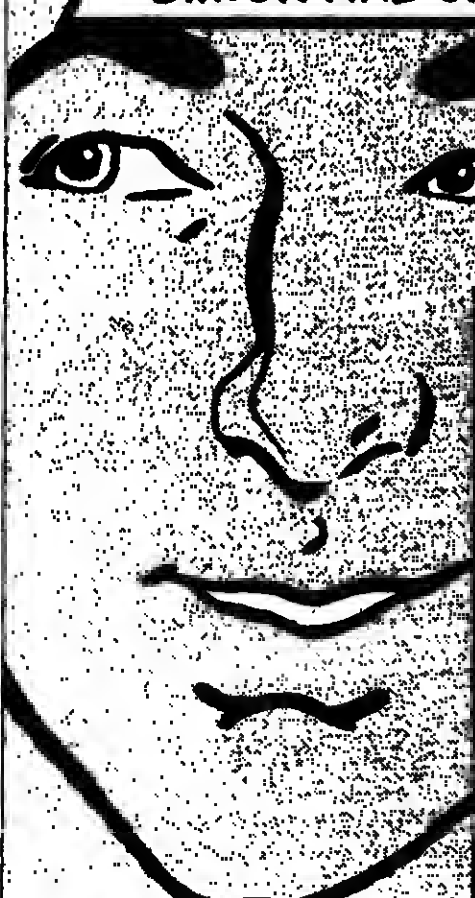
feeling for the developing world and an ability to talk in television soundbites, so much the better.

But there are other considerations. France will insist on a person who speaks French. Meanwhile, there is a tradition of geographical rotation within the UN. Mr Boutros-Ghali, though Egyptian, is considered to be from continental Africa and, in theory, the second term that was to be his should also have been given to an African. If no African is forthcoming, then the

next continent in line for the Secretary-General is Asia.

Denials from potential candidates should be treated with caution. Only when a show of hands inside the Security Council, probably in December, settles on a new Secretary-General will there be any certainty about the race. Between now and then, the game to find that person will be joined intensely by London, Washington, Paris, Moscow, Peking and other capitals and it will all be behind tightly closed doors.

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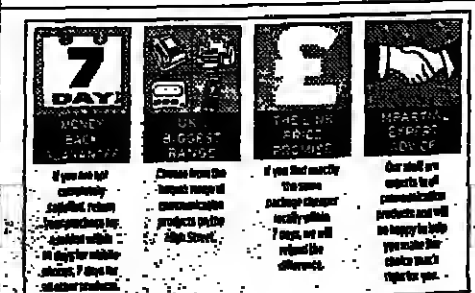
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## international

## Exiles press West towards Tehran spring



Maryam Rajavi: Makes her first public appearance in Britain tonight to discuss women and Islamic fundamentalism Photograph: Tony Buckingham

John Lichfield interviews the woman leader of Iran's opposition, who tells him of her hopes for more support

Maryam Rajavi sits presidentially before an Iranian flag in the presidential suite of a leading London hotel. Wearing a lilac suit, lilac headscarf and lilac shoes, she looks looks, by turn, beautiful, serene, vexed.

To her supporters, Mrs Rajavi, 43, is the President-elect of a post-theocratic, democratic Iran – the leader, along with her husband, of the only serious resistance to the fundamentalist regime in Tehran. According to the French authorities, the Iranian regime recently paid her the compliment of plotting to blow her to pieces in her place of exile, a village just outside Paris (shades of Ayatollah Khomeini).

To her detractors, including many other exiled Iranians and most Western governments, Mrs Rajavi is the figurehead of a deeply suspect, even sinister, organisation, the People's Mujahedin of Iran. Despite a plausible veneer of democracy and efficient public relations, critics claim the internal workings of the Mujahedin – and its political wing the National Resistance Council – are as brutal and repressive as anything dreamed up by the Ayatollah and his successors.

"Their background is a kind of anti-Western, Islamic Marxism. She is not as cuddly as she seems," said one Western expert on Iran.

Tonight Mrs Rajavi will make her first public appearance in Britain at an event at Earls Court in London, which is mostly cultural, but finally political. The event, entitled "Women, Voice of the Oppressed", is billed as a response to the persecution and repression of women by the fundamentalist brand of Islam popularised in Tehran. More than 20,000 people, including many Iranian exiles, are expected to attend. One of the performers will be the celebrated Iranian diva, Marziyeh, who fled Iran two years ago after refusing to sing for 15 years in protest against the rule of the mullahs.

The Earls Court gathering is an attempt by the Iranian resistance to play to what it hopes is one of its strengths. Mrs Rajavi, in her interview with the *Independent*, said: "We wish to show that Islam is not, in itself, misogynist. There can be a moderate Islam which respects women's rights and gives women, as our movement does, a prominent role."

The promotion of women within the ranks of the Mujahedin extends to their military wing, a sizeable, armoured force, based, courtesy of Saddam Hussein, on the Iran-Iraq border. Many tank commanders, even battalion commanders, are women. The overall military commander, based in the desert, is Massoud Rajavi,

Mrs Rajavi's husband. Despite her status as President-elect, Western governments insist that he is the real power in a movement they regard with deep distaste.

Here is a seeming paradox: the Iranian government is one of the most reviled in the world; the Mujahedin are by far the best funded, and best organised, certainly the most visible opposition to that regime. And yet they are almost equally reviled by the powers-that-be in the West. The Iraqi connections are one explanation – but not a complete one – for Western hostility. How does Mrs Rajavi account for it?

She giggles patiently and shapes her hands into a triangle. "You know, there is a

misconception that Western governments oppose the Iranian regime," she said. "The fact of the matter is that the mullahs in Iran possess so much commercial weight and Western businesses are so keen to reach deals with them that no government can make a statement of support for the Iranian resistance."

She points out (accurately) that the official investigation into the Iran-Contra scandal showed that the Reagan administration had agreed to supply her movement as part of Washington's complex and disastrous series of quid pro quos with Tehran. The same sort of understanding with the mullahs exists to this day, she says. "One of our demands has been that, if Western countries are not prepared to assist the revolution of the Iranian people, at least they should remain neutral. In those circumstances, it would not take long for the Iranian people and our movement to, if you like, settle the account and rid the world of the growing menace from Iran."

But what of the equally deep suspicions of many exiled Iranians? The hostility of royalists is understandable: the Mujahedin were co-conspirators with the mullahs against the Shah. They played a part in the popular revolution which overthrew the peacock throne in 1978-79, before their turn came to be crushed by Khomeini in 1981. But what of the many virulent, non-royalist opponents of the mullahs who also express antagonism to the Mujahedin? One Iranian said: "If there was any threat of them coming to power, most sensible Iranian exiles would take the side of the mullahs against them. We would be just swapping one tyranny for another and Mujahedin tyranny would probably be more efficient."

Asked about this, Mrs Rajavi becomes animated, even angry. "I think one has to ask, who are these Iranians? Many of these people, despite what they say, prefer the status quo – the Khomeini regime – to any alternative. There are others who are afraid. There are many proven cases of threats against these people to make these criticisms of us... Everyone says we are well-organised, well-funded. But you have to remember that cannot happen in a vacuum. Our strength and our funds come from the deep roots we have in the people of Iran, both inside and outside the country."

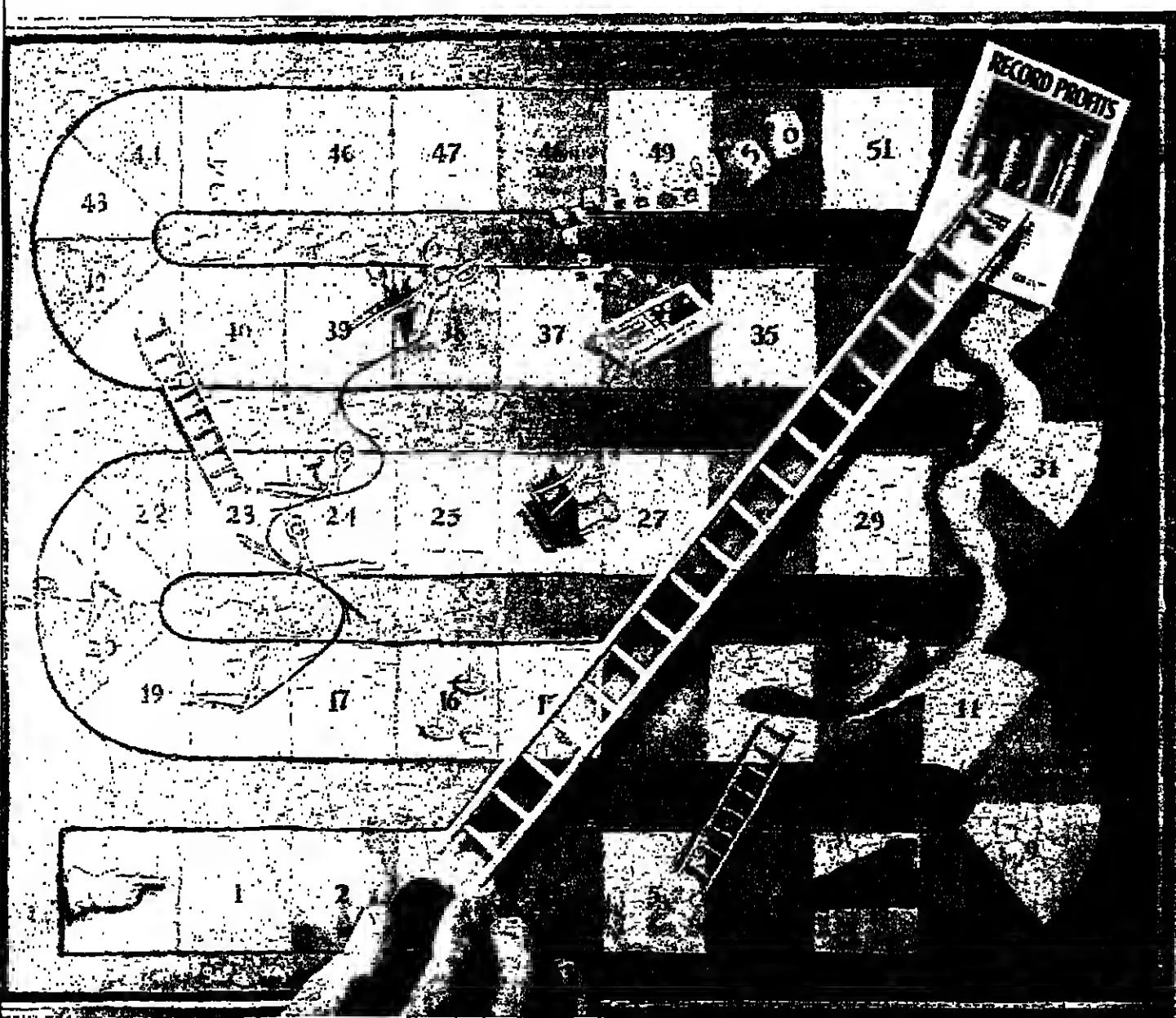
Mrs Rajavi signals to one of her smartly dark-suited male colleagues to bring forward an album showing scores of examples of pro-Mujahedin slogans and posters on walls inside Iran. She insists that the critics are wrong: her movement is not Marxist or authoritarian. It is committed to free markets, free expression, freedom of religion.

"The model of the kind of society and economy I would like to see in Iran would be that of the Nordic countries. We would expect an open society where economic and personal diversity would prosper."

How long will it be before the second Iranian revolution comes? Mrs Rajavi smiles sweetly. She offers no timetable but gives what she admits is a practised reply. "One does not need to wait for spring to arrive to be sure that spring will come."



Ayatollah Khomeini: Crushed the Mujahedin in 1981.



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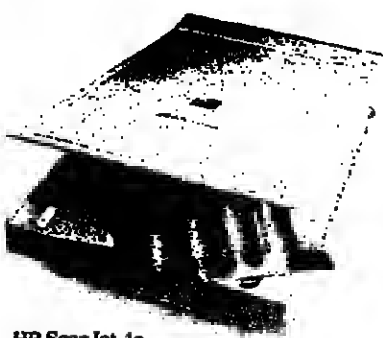
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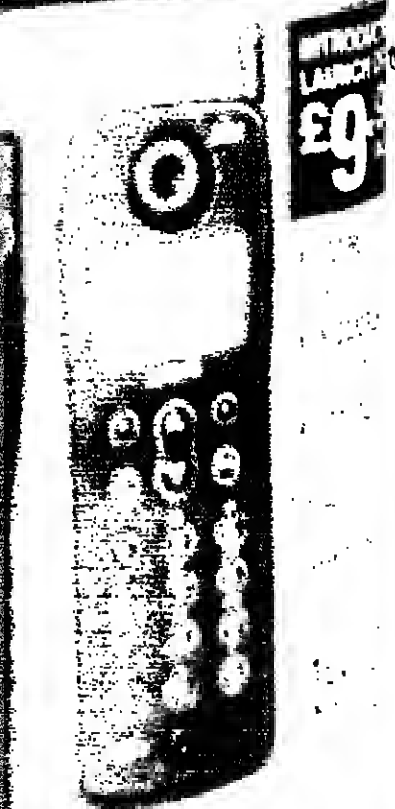
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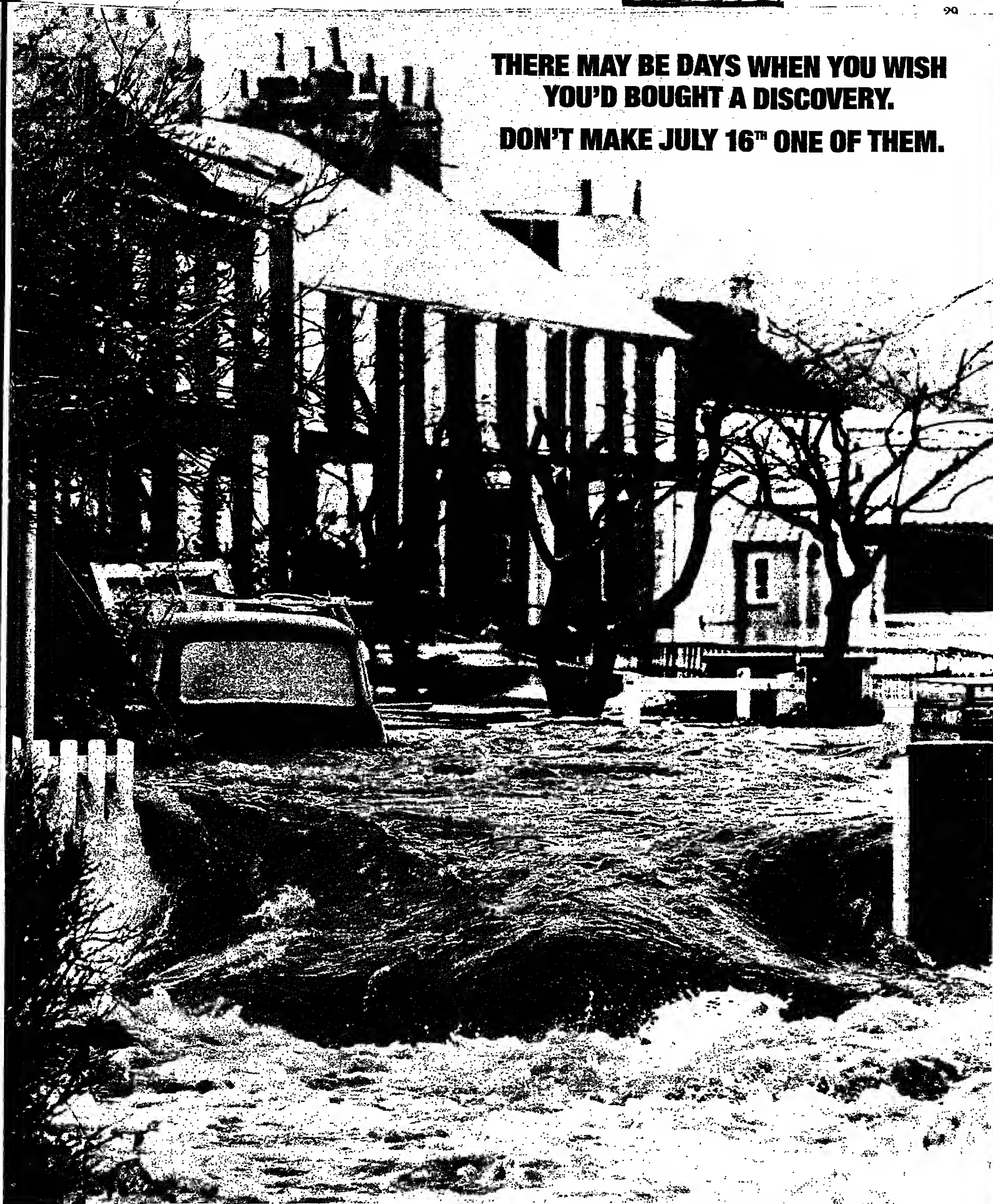
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# Labour on health: an acute case of evasion

On education, Labour has at least shown itself willing to revisit some of the shibboleths of post-war socialism. In health policy, Labour remains the unreconstructed party of reaction. At one level, we know why: the Nye Bevan legacy, Labour's self-image as creator of the welfare state, etcetera. On another level, it seems strange; after all, there are probably more teachers among the ranks of Labour activists who are going to be upset by having their methods challenged than there are nurses, or doctors, or even administrators who may be perturbed to hear that Labour wants to adopt challenging health policies.

Against that background, not a great deal was to be expected of Tony Blair's keynote speech on health yesterday. In the event, even less was offered. Labour's received wisdom says that it must never be seen to tamper with the good old NHS, because voters believe the NHS is the one thing Labour can be better trusted to maintain than the Tories. But how wise is Mr Blair's failure to rethink the party's stance on health?

Partly, he is presumably anticipating political advantage as the NHS undergoes an acute funding episode this autumn and winter. But professionally, organisationally and morally the health service is in remarkably fine fettle. To suggest otherwise, as Labour may well do, is to play into the hands of those merchants of social policy apocalypse who

are willing us into a crisis that does not and need not exist if everyone keeps their heads. Mr Blair's electioneering promises about "ending the scandal of the trolleys" is evasion. He is ducking an opportunity to offer a radical alternative at a moment when power beckons.

Public health provision in the UK does not require any more dogma about management and administration. The gravest charge against Tory social policy during the past decade has been its know-all attitude about systems, leading to a fatal unwillingness to experiment, assess, and proceed on the basis of what works. Example: the Audit Commission stated in its recent report on fundholding that some GPs in some circumstances were using the system of "purchasing" care for their patients well. In other areas, we need what Labour advocates: a closer and more co-operative relationship between the GP and the health authority than the theory of GP fundholding ever allowed. So let us agree to use whichever form of administration works best for the particular circumstance.

Mr Blair's point about public health being a lot bigger than the NHS is well made; but Virginia Bottomley's Health of the Nation made it before, and neither of them has confronted the problem of linking health with housing and the environment, and indeed education.

Labour wants to roll back some Tory reforms, but to retain the principle of

splitting purchasers from providers of care. Labour's claim that by reducing bureaucracy it will be able to release a golden stream of money for acute care needs to be taken with a pinch of salt.

In one area only Mr Blair had a strong rhetorical point to make: in an uncertain world, where jobs come and go and lifetime incomes are by no means assured, people need anchors. One of them, he argued, has to be a guarantee that if they get ill, they will be treated. The NHS is, from that perspective, a foundation stone of civil society. True. One of Thatcherite Conservatism's greatest omissions was its failure to see

that a public health service is a buttress to the successful operation of the market in other areas. Collective health provision and competitive capitalism, far from being contradictions, serve mutually to support each other; the one by providing healthy employees and secure families, the other by providing the resources to pay for the first.

But Mr Blair knows how little the rhetoric gainsays the nitty-gritty annual budget round in which the Health Secretary will always be demanding more. He said nothing about fixing health spending as a proportion of GDP, or any of the other ways in which health

spending might be contained. If Labour in power fails to address the problem, it will face the same trade-offs as all its predecessors. Health demand is a function of rising expectations, improvements in technology, and an information economy in which patients are quickly alerted to new treatments, new options. Health supply rests largely on the doctors. At the intersection, politics plays an acute role, as in such celebrated causes as Jennifer's Ear and Jaymee Bowe's leukaemia.

On the back of this question, the rationing cry has gone up. Yet choice among patients and treatments is endemic in all health provision, insurance-based systems included. The real question is whether the public trusts the triage process. Here Labour is potentially an enemy of the public good. It may suit Mr Blair, not least in this pre-election period, to inflame public mistrust, to identify gaps in supply and highlight disappointments in expectation. If anything, the Child B case showed that consensual case management works. Every day, in a thousand decentralised ways, patients and their doctors agree on the costs and benefits of this or that procedure.

Labour should be saying that rationing is uncontroversial in most day-to-day instances, so long as it is based on public support for individual doctors and the management systems in which they work. In recent years patients

have been told that they are consumers with rights. They are also citizens with common obligations who own their health service. That sense of ownership, neglected under the Conservatives, gives Labour its political opportunity. Labour should deny itself the cheap thrill of exaggerated attacks on the Tory health record, and instead explain precisely how it will manage these difficult choices more effectively.

## A little axeman in all of us

Whoops - there goes the Planet. A new Sunday paper was born and died this weekend. It was an owner's wrath that scuppered the *Planet on Sunday*. Lesser moguls tend to batter editors when they disapprove of the newspaper's content. Clifford Hards preferred to shut the entire project. But there is a little Clifford Hards in all of us. Many people dream of suddenly snuffing out an entire institution. Imagine putting paid to the Millennium Commission, Hackney Council, all Clywd children's homes, the Spanish football team, the English cricket team, British Gas and Yorkshire Water, Bill Cash's European Foundation and the Royal Society. What a shame the rest of us so rarely get the chance.

## LETTERS TO THE EDITOR

### Mad rash of hoardings in the country

Sir: Will Bennett's article "Countryside under threat from advertising clutter" (19 June) rightly highlights the concern shared by both conservation groups and rural communities at the Government's proposals to relax controls on advertising.

These plans can only mean one thing: an increase in advertising in the countryside, particularly hitting many of the most outstanding areas of natural beauty in the country. Moreover, they will reduce trade for local businesses if, by blighting the countryside, they deter visitors. As Mr Bennett points out, no one who has seen the ugly roadsides in the United States will want the same thing to happen in the UK. The public do not wish to see the unrivalled beauty of our countryside afflicted by a rash of advertising hoardings. The sooner the Government withdraws this crazy proposal, the better. MATTHEW TAYLOR MP (Tunbridge Wells, Kent) Liberal Democrat Environment Spokesperson House of Commons London SW1

Sir: I was appointed by the Department of the Environment as consultant to undertake a study of Areas of Special Control of Advertisements (ASCAs) which is now the subject of a consultation paper by the DoE. Our recommendation to abandon the system was based on the fact that we established that it is not working well and there are in any event measures available to local authorities to control unacceptable advertisements in attractive rural areas.

It concerns me that a picture is being painted of a situation where the British countryside could be transformed more or less overnight into something akin to what one would find in France or the United States, with hoardings erected end-to-end along major routes. Such a scenario is very unlikely.

There are already many parts of the countryside that are not protected by an ASCA designation and yet there is not a hoarding to be found. Any advertiser would have to obtain consent from the local authority, and councils are guided by government guidance which conveys the message that there is no place for hoardings within rural areas.

The planning system in other countries is not the same as in Britain and may not therefore have the means to control advertisements in the same way as we do.

I suggest that poster companies should be consulted on this issue before the panic sets in to see whether in fact they would wish to site hoardings in rural areas. They are much more interested in the conurbations, where they can guarantee high levels of people passing their sites on a daily basis. SA HUGHES Susan Hughes and Associates Knutsford, Cheshire

Sir: Apart from the aesthetic objections to a proliferation of roadside advertisements, it is not likely, by diverting motorists' attention, to lead to more accidents? H G BEST Tunbridge Wells, Kent



'Struth! We've been shortlisted for the Turner Prize!'

### Rebellion at the birth of Ulster

Sir: While it may be politically expedient and emotionally satisfying to condemn the IRA, it in no way helps the British to understand why there is so much tacit support for them in Northern Ireland.

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Nationalists would reduce our majority to such a level that no sane man would undertake to carry on a Parliament with it... we quite frankly admit that we cannot hold the nine counties.

So Northern Ireland was created and elections rigged to guarantee a favourable result for the British. PETER DALLY Cheltenham, Gloucestershire

Sir: At the heart of the impasse over the Northern Ireland peace process is the idea that peace can ultimately be reached by a majority decision. A minority on either side may not accept the majority decision.

There is, however, an alternative. It is possible to allow each individual living in Northern Ireland the right to make a personal decision as to which government they owe their allegiance. This would require dual (not joint) political, judicial and administrative structures in the North, operated by the British and the Irish governments. Residents of the province would be subject to the laws of the state of their choice. No one would have grounds to complain that a state they had rejected was being imposed upon them.

A system based on individual choice would certainly be anomalous to the abstract concept of a state holding sole jurisdiction over a given territory, but this does not mean that it would be unworkable. In reality, people living alongside one another are often subject to different rules and sanctions - not least in the Catholic

and Protestant communities of Northern Ireland. Such a system would recognise this reality, and ensure that the laws governing the members of either community emanated from a responsible government.

Dr PETER HAYES Lecturer in Politics University of Sunderland

### Bottom line on family viewing

Sir: I have just returned from some long-haul flights and have viewed some in-flight videos that are considered family entertainment.

The first was *The Birdcage*, a farce debunking hypocrisy. The airline had to "fuzz over" the backs of women wearing G-strings to make the scene acceptable for viewing by children.

The second was *Heat*, a cops-and-robbers film, in which innumerable people were killed or maimed, some in close-up. No editing seemed to be necessary.

Do we really consider that looking at a woman's bottom is unacceptable, yet watching her being killed is family viewing? LES FARLEY Hichin, Hertfordshire

Sir: I am getting very tired of being told that there is too much sex and violence on television. There is a great deal too much violence on TV, but not nearly enough sex. Can we have some more, please? MICHAEL SWAN Didcot, Oxfordshire

### Domestic violence outside marriage

Sir: In the fuss about the concessions that have been dragged from the Government on the Family Law Bill, their continued opposition to proposals for dealing with domestic violence among cohabiting couples has gone almost unnoticed.

The proposals that I put to Parliament on 17 June would have given equal rights to couples legally recognised as living together regardless of their marital status.

By rejecting these proposals, the Government has enshrined in law that it is somehow more acceptable for a man living with a woman in a long-term relationship outside marriage to inflict violence upon her than if he is married to her. Far from supporting marriage, this could encourage men to think they can get away with this sort of behaviour by not getting married.

I suspect that a major factor in the defeat of the amendment was general ignorance that cohabiting couples already have a legal status, in social security law for example.

In the mistaken belief that the proposal would have allowed live-in lovers to evict their partners from their homes after a few weeks of shacking up together, I am afraid we have voted to inflict greater hardship on those many people experiencing violence in long-term common-law relationships. DIANA MADDOCK MP (Christchurch, Lib Dem) House of Commons London SW1

### US Equity snubs the theatre

Sir: It is difficult to understand American Equity's decision not to allow Michael Gambon to appear on Broadway in David Hare's play *Skylight* (report, 19 June). In saying that Gambon has not sufficient US star-status (or audience pulling-power) they seem to be concerned for the investors' pockets rather than the actor's chance to establish that status. I thought it was Equity's job to help actors.

Michael Gambon is an outstanding and hugely experienced stage actor. Can it be that big, or small-screen fame is now the only measure of a performer's worth? This decision seems to support that meretricious and theatrically debilitating view. CLIVE SWIFT London NW3

### Pedant's charter

Sir: Judith Judd (report, 19 June) lists eight common grammar "mistakes" made by pupils. However, two of these eight are not genuine errors: "I threw it out the window" is arguably correct; *Collins English Dictionary* lists "out" as a preposition as well as an adverb. "The Government think they can do what they like" is correct. Fowler's *Modern English Usage* agrees that whether a plural or a singular verb follows a collective noun is a matter for the writer's discretion.

Just how pedantic, or simply wrong, would the marking scheme of a national grammar test be? RICHARD POND Ashby de la Zouch, Leicestershire

### Russian money turned away

Sir: Why does it take Euro 96 to highlight the problem of Russians getting a visa (report, 12 June; letters, 15, 19 June) when for ages the tourist industry in this country has been suffering because of the Cold War mentality of British officials in Moscow?

Once a Russian visitor manages to get a visa, they then fly into the UK and are given a hard time at Customs. Single women and women travelling on their own with their children are often subject to long and humiliating interviews by Customs officials.

If we don't change our attitude soon we will lose all our business to destinations such as Cyprus, for example, where there are no visa requirements and where Russians and their money are welcomed with open, friendly arms. JENNY TOWNSEND London N8

### Breeding in a crowded world

Sir: Chris Mowbray (letter, 19 June) is quite right that we all need there to be a younger generation, whether it includes children of our own or not, to continue to run society in our old age, but that new generation also needs natural resources to work on. Anyone now choosing not to have children will benefit the world far more in saved resources than they will cost it in lost labour. Furthermore, far from being over-concerned with their own careers and lives, childless people often immerse themselves in work for the wider community, rather than looking inwards to their own family. CHRISTOPHER PADLEY Market Rasen, Lincolnshire

Sir: The subject of women who choose not to have children (article, 15 June; letters, 19 June) is a complicated one, but it is good news for women like me who want to. We can be less worried about population figures and the fear of the Chinese solution of being allowed only one spoiled child each. Children like having siblings, and parenting is something you learn and get better at, so it must be a good thing to have several children. Let us be glad that some women are happy not to have them. MARGARET SELLWOOD Truro

### Trendy governors

Sir: Amid the current concern over teaching methods, I came across a 1996 Department for Education and Employment publication on becoming a school governor. On the training of governors, it said: "Don't worry: you won't be going back to the classroom for any blackboard sessions. Training is informal, with small groups working together and discussing real-life examples." Sauce for the goose, sauce for the gander? J M FOLLARD Nottingham

### Old move

Sir: William Hartston ("Fischer makes an unprecedented move", 19 June) implies that the rule change advocated by Bobby Fischer is a new idea. I first played this version of chess 20 years ago. It is called Baseline. TOM BARWELL Brighton, East Sussex



## analysis

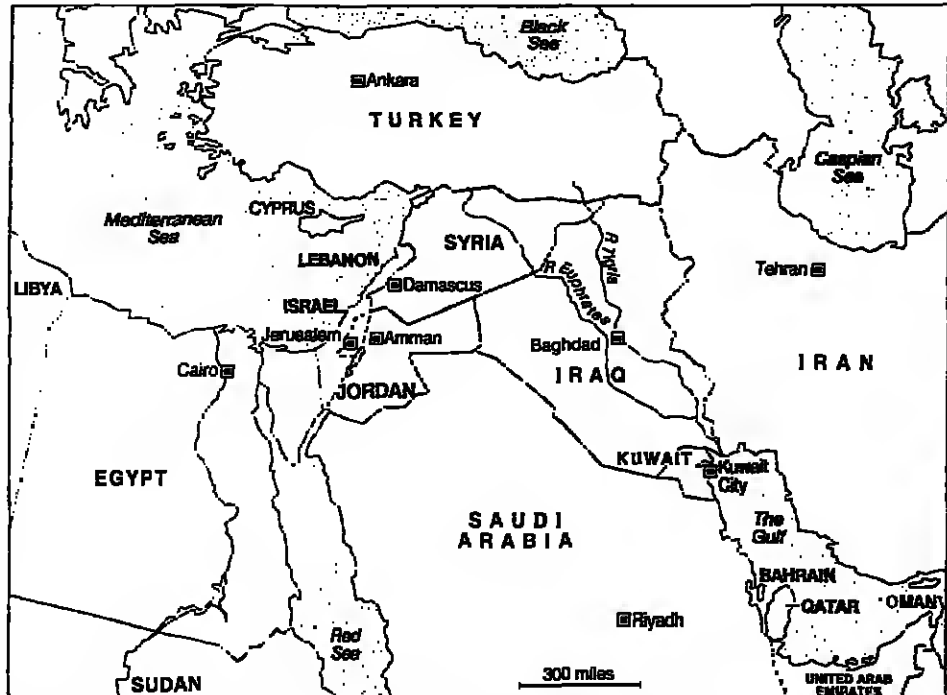
# The Middle East trembles as Turkey's new alliance takes shape

As Arab ministers arrive for their Cairo summit, a partnership emerges that may destabilise the whole region, says Robert Fisk

Early this week, an extraordinary and threatening letter arrived in Arab capitals from the Turkish minister of foreign affairs. Not since Ottoman rule ended in the Middle East almost eight decades ago has such a document arrived for Arab leaders. Enver Gonenay was writing to warn Arab foreign ministers that they should make no hostile statements about Turkey at their summit meeting in Cairo tomorrow. There should be no criticism of Turkey's dispute with Syria over the waters of the Euphrates. There must be no summit resolution that might "anger Turkey" or "create a rift between Turkey and the Arab world". The letter - a "firman" every bit as troubling as those which once arrived from the Sultans of the Sublime Porte - was received by the Arabs in astonished silence, for it demonstrated as never before the disturbing new strategic balance emerging in the Middle East.

The Euphrates is a real source of conflict between Ankara and Damascus, but no one in Cairo believes that this was the purpose of the letter. It is Turkey's new military relationship with Israel that was being rammed home to the Arabs, an accord which not only allows Israeli aircraft to fly from Turkish airbases but - so the Arabs have discovered in the past 24 hours - will permit Israeli gunboats to put into Turkish ports within the next week and commence joint naval manoeuvres in the Mediterranean. Understanding all too well the threat this presents to Syria, President Mubarak of Egypt has personally objected to the new Turkish-Israeli alliance. Mr Gonenay's letter was telling him to shut up.

For, at the very moment when the Israeli elections have killed off the "peace process" - at the hour when the Arabs feel most betrayed by the promises of land-for-peace that they received from Israel and America over the past five years - a new strategic partnership is emerging to take the place of the long-promised peace accords; an alliance of Turkey, the US, Israel and Jordan, designed to form a military front against - and to isolate - the West's supposed enemies in the Middle East. In essence, it is a shadowy version of the Baghdad pact, the British-sponsored alliance of Turkey, Iraq, Iran and Pakistan that was set



up in 1955 to counter fears of Soviet expansion in south-west Asia. The new pact, however, is to protect Israeli and American interests against those Muslim states that oppose their policies in the Middle East.

The setting-up of this new alliance was conceived and carried out with extraordinary speed. In February of this year, the Turkish army's deputy chief of staff paid a secret visit to Israel, during which he and Shimon Peres agreed that their military aircraft could fly for "training purposes" in each other's airspace. At almost the same time, King Hussein of Jordan, who has never forgotten his family's Hashemite claim to Iraq, was encouraged to propose a federation between Amman and Baghdad that would, in effect, place a Saddam-free Iraq under the control of the Jordanian monarchy. Already locked into a full peace treaty with Israel - King Hussein signed the agreement in the days when both the Americans and the Israelis had promised a just peace for Palestinians and Syrians - Jordan was persuaded that US jets should be given a "temporary" base in his country, near the Iraqi border to defend Amman if Saddam Hussein decided to revenge himself upon the King.

With American jets already flying out of airfields in Saudi Arabia, Kuwait, the United Arab Emirates and Oman - a privilege they gained from the 1991 Gulf war - the US Air Force had thus established itself

several hundred miles east of Israel just as the Israelis gained the right to fly across Turkey to the very borders of northern Syria and Iran. No wonder President Rafsanjani of Iran told the Turkish President Suleyman Demirel last month that the Israelis could now fly out of Turkey to bomb Tehran. No wonder Syria suddenly concluded that it had a potential enemy on two fronts - the Israeli army to the south on Golan and the Turkish army and Israeli air force just across its northern border.

And at the very moment when Syria discovered its new military predicament, it found itself under physical as well as political attack. A series of small bombs exploded in Syrian cities - no one was hurt and the bombs were more a warning than an assault - but the Syrians noted that the former Turkish prime minister, Tansu Ciller, would not disclose the purpose of a \$6m payment from a special "discretionary operations fund", because this might "damage relations" with neighbouring states. Did the Turkish government plant the bombs? And did it do so because of Syria's support for the Kurdish PKK separatist guerrillas fighting the Turkish army? And, if so, did the Turks have the tacit permission of security authorities in Washington?

Of course, no one should be romantic about Syria. It is a police state. Its prisons still hold many men categorised as political prisoners by Amnesty

International. The consistent use of police torture in Syria has been widely condemned. Hamas does maintain an office in Damascus, and Syria certainly supports the Hizbollah struggle against Israeli occupation in southern Lebanon.

President Assad is now being reviled as the man who was offered back the whole of the occupied Golan Heights in return for peace, but who then turned down the deal. That this is untrue has not changed the accusations that President Assad has been "the chief obstacle to peace". What he was offered was most of the Golan Heights but with no promise of the departure of Israeli settlers and a demand from Israel - in return for the evacuation of occupied territory - that Syria must substantially reduce her military forces. One Syrian estimate suggested that more than 30 per cent of Syrian armour would have to be scrapped to comply with such a demand and that troop withdrawal conditions laid down by Israel would mean that not a single soldier could remain in the capital of Damascus, which lies only a few miles north of the current ceasefire lines.

President Assad, like all the other Arab leaders who sent representatives to the Madrid summit in 1991, was promised by the US that any peace agreement with Israel would be on the basis of UN security council resolutions 242, 338 and 425 - of land for peace. The Syrian leader possesses a confidential letter to this effect from then Secretary of State James Baker. US negotiators - at times even the Israelis - have acknowledged that President Assad stuck rigidly to this formula. Those who trusted the Americans and Israeli promises that they would get their land if they made peace first - the hapless Mr Arafat and his supporters - have ended up with a peace agreement which Israel, under its new government, says it has no intention of honouring. Mr Netanyahu has been quite specific. There will be no Palestinian capital in any part of



Israeli soldiers subdue a Palestinian during clashes late last year

Reuter

Jerusalem, no Palestinian state, no evacuation of settlements, no withdrawal from the Golan Heights. In other words, the Oslo agreement cannot proceed to the "final stage" talks, which contain the most crucial issues of the "peace" - Jerusalem and settlements - while the very basis of the Syrian negotiations, an Israeli withdrawal from Golan, has been destroyed.

All this is clear to the Arab leaders meeting in Cairo tomorrow. Yet they find that the Americans who had so earnestly told them to trust Israel's good intentions are now welcoming - in the words of State Department spokesman Nicholas Burns - Mr Netanyahu's offer of talks with Syria "without conditions". But Mr Netanyahu has already set the condition for peace talks with Syria: no return of the Golan Heights. And all the while, it is Syria that is being vilified as the peace-destroyer, the nation that undermined the chances of a lasting accord in the Middle East. Put very bluntly, Syria is being lined up for attack.

In the Gulf, meanwhile, the ever-compliant emirs and monarchs are desperately trying to assess their own future. Those who had opened ties with Israel - Oman and Qatar - may be able to escape further contact,

but just as the Levant is being told to regard Syria as the Prince of Darkness, so the Gulf states are being warned that only the West can protect them from the terrorist, revolutionary expansionism of Iran.

A real territorial dispute between the Emirates and Iran has been augmented by repeated assertions from Washington and London that Iran lies behind the home-grown Shiite insurrection in Bahrain. Iran is in any case already on Washington's hit list, under US

Then what of Egypt, the first Arab nation to make peace with Israel? For she, too, is isolated in the Arab world - not by her enemies, but by her Western friends: To the west, Libya is in quarantine because of its alleged role in the Lockerbie bombing. To the south, Sudan is also under UN sanctions for supporting "terrorists". To the east, Yasser Arafat's Gaza enclave is itself sealed off by Israel for fear of "terrorism". Egypt's role as a peacemaker has been marginalised; the promises President

was appalled when he heard of the new Israeli-Turkish alliance; it made him even more anxious to help President Assad now that another pillar of the Arab world is under assault. Which is why it is for Syria that tomorrow's summit is primarily being held. President Mubarak and President Assad are likely to stand together now as never before, for they both fear that dark days lie ahead. A military strike into Syria by Turkey or Israel, another Israeli assault into Lebanon after further conflict between Israeli occupation troops and the Hizbollah, perhaps even a military strike at Iran itself, a Palestinian-Israeli war in the West Bank: all are now possible.

President Mubarak has said he will not allow Syria to be attacked, a dangerous promise for a man whose country's economy has been bankrolled by the US in return for Egypt's peace with Israel. But every Arab state friendly to the West will feel the earth tremors from any new military adventures in the Middle East. Few Arabs would dispute the gloomy prediction made by one prominent Middle East figure this week. "There could have been four wonderful years," he said after the Israeli elections. "But four very difficult years - very difficult - are in store for us." The speaker was Shimon Peres.

## The pact is designed to form a front against the West's supposed enemies

though not European - sanctions, ever since President Clinton denounced the regime as a "terrorist" state at a Jewish meeting in New York last year. Iran has joined the other "enemies of the West" - Libya, Sudan and Iraq. And now, it seems, Syria may well follow.

Whenever Palestinians resort to violence because their "peace" has been betrayed, Syria and Iran or Libya or Sudan or even Iraq will be blamed. Those faithful to the Western cause - Jordan, Israel and now Turkey - will support this notion; already, Jordan has discovered Syrian "terrorists" on its border.

Mubarak urged Arafat to accept have been broken. Jordan, the Arab state that showed the warmest regard for Saddam after his invasion of Kuwait, is now to be the front line against Iraq. The great Middle East military ally of Israel is to be Turkey, not Egypt.

President Mubarak is deeply concerned at Israel's nuclear potential, at the expressions of unrest within his own military forces, at America's threats of military strikes against Libya. Cairo, it seems, is to be turned into a political backwater, a conference centre for obedient Arab states. President Mubarak

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THE DEPARTMENT OF TRANSPORT



## Top marks for Gummer-less limericks

Let us think this column without social importance, here is the story of the ruthless grilling of one of my Irish guests by anti-terrorist police.

You need to know that James, though a close friend of mine, is a gentleman. He is handsome in a distinguished kind of way and very conservatively dressed, so he was slightly surprised to be called aside for questioning as he was boarding the Holyhead-Dublin ferry.

In response to the opening inquiry he explained that he had been visiting England on academic business. That did not impress. Since Dr Felim O'Aidmaill, a lecturer in politics at the University of Central Lancashire and now a guest of Her Majesty, was picked up with 17 kilos of Semtex and accessories, the Special Branch have added scholarship to the list of suspect trades.

"And where have you been, sir?" "Oxford and Cambridge," answered James truthfully but implausibly. He was politely

asked to open his bag. On top lay a file of notes out of which leaped a number of unfortunate words like "rebellion" and "sedition", for James had been studying a collection of Cambridge pamphlets relevant to his researches into the 17th century.

His interlocutor nodded agnostically and investigated further. The next find was a copy of Alan Clark's diaries, which somewhat worried James, since he could see how this could appear sinister to a suspicious mind.

The policeman decided on a test: "I rather preferred his father, sir."

"Ah, yes, indeed, officer," answered James. "I myself enjoyed watching the late Lord Clark's Civilisation."

Relaxed a little, the interviewer pursued his duties further by investigating the other book in the case. When this turned out to be *The Re-establishment of the Church of England - 1660-63* - unlikely reading for Dr Seamus O'Terrorist - he ushered James out of the room saying with evident embarrassment, "I'm really

very, very sorry, sir. I do beg your pardon."

James, who is now fretting lest his interviewer read this and have his feelings hurt, said I couldn't use this story unless I made it clear that he genuinely thinks this shows that British policemen are wonderful.

Simon Bridge asks if we've heard that the (Northern) Irish sequel to *Silence of the Lambs* was called "Shut up Youse".

As a gesture to the EU and to all those elves who sent material I have been unable to use but which I am hoarding for the future, I am squeezing in

one of William Elphick's clerihews:  
*John Redwood,  
As he said, would  
Not want to mix with Frogs,  
Krauts, Russ and other  
Wogs.*

Many of you struggled nobly with the hellishly difficult "The chief delectation of summer": no great limericks emerged, but full marks for effort (and yes, I know I've allowed the odd extra syllable to creep in). I feel very sorry for John Gummer; anyone leaving him out had 10 per cent added to their marks.

Shortlisted are "Is that clothing becomes minimum-er/And my wife's derrière/Is binkied or hare/Tights ensnaphing her rear don't become her!" (Don Barnard); "Is sport on TV for what's rummer/than nostril and gristle/Gainst kneecap and rattle/To prove other nations are dumber?" (Laura Garrett); "The clicking of crickets and hum o'/The bee; scents of flowers/Still, sunlit hours:/And absence of John Selwyn Gummer." (Fred Robinson);

"Which will stop it becoming a bumper/Will be throwing sharp darts/At unprintable parts/Of a picture of John Selwyn Gummer." (Peter Toye). Zoe Powers is runner-up with "Is to view, from behind, each newcomer/But the average rear/is too flabby, I fear/Oh, how sad! What a shame! What a hummer!", but Sue May made me laugh most and wins the pink champagne with: "Is having a fling with a drummer/Who goes like a train/Has a passable brain/And looks nothing like Selwyn Gummer."

I can't give you the full text of the last ICA postcard of the week - an entertaining account of New Man's battle to clean the lavatory properly before heading off to a meeting of his men's group - but it ends with "New Man Says: Hey! Leave that seat DOWN!" I leave you with two questions. Why do feminists make so much fuss about something so unimportant and why do men never demand that women leave the seat UP?

صلى الله عليه وسلم



# Could this mean the mincer for Major?

The Florence meeting today will decide more than the future of British beef, says Paddy Ashdown

John Major has decided that the best way out of the problems in his own party is to declare war on Europe. Diverting opponents at home by finding enemies abroad is an age-old tactic of leaders. But in the end, there is always a reckoning. Mr Major's comes at Florence today and tomorrow, when the European Commission puts forward its outline proposals for ending the beef ban.

There are huge gaps in the Commission's outline. When is the start date of the slaughter programme? What is the phasing? Are more cows to be brought in? Are there binding reassurances from our partners for lifting the ban? And, crucially, how are farmers to be compensated?

The summit will answer these questions, and the Prime Minister will have to decide whether or not to agree with the answers. So by tomorrow evening, we will be able to see the final deal and judge whether what the Europeans have dubbed "the war of Mr Major's mince" has been worth the fight.

There are three possible outcomes:

## Outcome 1. Beef in our time

Mr Major returns from Florence with a piece of paper. He declares this a brilliant and decisive victory. The paper contains an agreement, agreed

by our partners, which is binding, fills the gaps to Britain's satisfaction, provides for the phased lifting of the beef ban at specified dates and enacts a package of measures that will convince the citizens of Europe that British beef is safe to eat. This was what Mr Major said he wanted when he suddenly launched his policy of confrontation on 21 May.

Since then however, the Government has been busy moving the goal posts. And understandably so. For the policy of confrontation has been entirely counter-productive, hardening attitudes to Britain's case and making it more difficult for our friends to help us get out of this mess.

It is now quite clear that there is nothing that will emerge from Florence as a result of this policy, which could not have been much more easily achieved without it – and without the damage it has caused to Britain's respect abroad, to our influence in the future and to our agricultural industry at home. Indeed, it may well be that even more healthy cows will have to be sacrificed because of the delays and confusion caused by Mr Major's destructive tactics.

But the Europeans know that this goes much further than cows. If confrontation wins over co-operation this

time it will be tried again – and not just by Britain – in the future. Which is why "beef in our time" is the least likely outcome of Florence.

## Outcome 2. C'est magnifique, mais ce n'est pas le boeuf

Mr Major returns from Florence with a fudge. He declares this a brilliant and decisive victory. The package is, broadly, what the Commission has

## Major's policy of confrontation has been entirely counter-productive

now proposed. Britain kills lots more cows, perhaps 70,000 more. But we obtain in return only a vague framework stretching into the blue distance of an indeterminate future. Nothing is binding, no firm steps are required by our partners abroad, but every step we take in Britain must be inspected and validated by the Commission.

The Euro-sceptics, who know they have Mr Major's head in a noose, will probably riot. And farmers, who know

that this deal will do real long-term damage to Britain's milk industry without getting anything bankable in return, may well do the same. The combination could be deadly to the Government's majority in the House of Commons.

## Outcome 3. The long, slow, humiliating retreat of our beef expeditionary force from Europe

Mr Major returns from Florence without any agreement. He declares this a brilliant and decisive victory. The policy of non-co-operation then drags on and on with Britain looking more and more ridiculous, opposing the things we want and have been fighting for in Europe. Meanwhile, under cover of a government propaganda barrage, we are, in reality, beating a disorderly and miserable retreat that ends with Mr Major, on the white cliffs of Dover, saying, "Very well then, alone" and calling a general election.

I can think of no better epitaph for this Government than that it should be brought down by mad cows. But the real damage being done to Britain is not funny at all and extends well beyond cows.

The BSE affair is being watched by our European partners as a watershed. Until now they were prepared to

spend time and energy to achieve compromises that kept Britain on board. Now they are talking of "giving up on Britain" and of "building a four-lane bypass" around the British road block at the forthcoming Inter-Governmental Conference. They quote Mr Major's Leiden speech of September 1994, in which he said that it was "perfectly healthy for all member states to agree that some should integrate more closely and more quickly in certain areas" and his many statements since that if others wanted to do this, Britain wouldn't. Many Europeans have concluded that it is now time to take those sentiments at face value and put the proposition to the test.

There are even secret conclaves of Brussels lawyers discussing dividing the Commission in two, with one part serving a core Europe of the strong countries and the other looking after the outer ring of Europe's weaker countries, those new democracies making their way towards Europe's core – and, of course, Britain.

This is why, in the short term, Florence could decide Mr Major's future. In the long term, it could decide Britain's too.

The writer is Leader of the Liberal Democrat Party.

# Beware false comfort for heterosexuals

Tom Wilkie warns against those who preach that the HIV virus is not a danger for us all

Let us now praise Norman Fowler. Along with Margaret Thatcher's cabinet ministers Lord Fowler, as he now is, saved thousands, if not tens of thousands, of British lives.

For when he was Secretary of State for Health, Lord Fowler had the political courage to listen to and act upon the advice of his Chief Medical Officer, Donald Acheson. Sir Donald had warned that if the Government did not act, the country faced an epidemic of the new, incurable and fatal disease Acquired Immune Deficiency Syndrome (Aids). The problem was that any action would involve the British Government talking frankly about sex.

Although the official safe sex campaigns were criticised at the time, the fact remains that the British Government acted earlier and more wisely than most other Western countries.

About 9,000 Britons have died of the disease whereas in the United States, with just four times our population level, the "moral" majority intervened and more than 318,000 Americans have died. In France, Italy and Spain, where no coherent public health messages were disseminated, the incidence of new Aids cases is running at up to four times the British rate.

The projected British Aids epidemic failed to materialise in part because of social factors – Britons are more boringly monogamous than anyone had believed possible – and in part because of the Government's safe sex campaign.

But, by a logic that defies rational dissection, the very success of the safe sex campaign has now been transmuted into evidence that it was never needed at all.

Yesterday, the *Daily Mail* launched a broadside against the Aids lobby which had foisted the "myth" of heterosexual Aids upon an innocent and unsuspecting British population at great cost to the taxpayer.

On Monday of next week, Neville Hodgkinson, the former science correspondent of the *Sunday Times*, publishes a densely written book *Aids – the failure of contemporary science* (Fourth Estate), which tries to justify the bizarre thesis he first propounded in the pages of the *Sunday Times*, that HIV is not responsible for Aids.

He argues, in the face of all scientific evidence, that HIV, if it exists at all, is but a harmless

passenger or spectator, and that the devastating destruction of the immune system suffered by those with Aids results from a lifestyle of drug abuse and/or promiscuous anal sex.

The net effect of both campaigns is to diminish the danger of Aids and relegate it as truly a gay plague so that heterosexuals in Britain can screw without scruple – and, especially, without condoms. It is the logic of the man who fell from the top of the Empire State Building who was heard from the first floor window saying to himself "so far, so good".

Globally, in 1996, Aids is a disease of heterosexuals, although gay men remain the most affected group in western countries and the death toll among them is terrible. Exact figures are not available, but it seems probable that at least

## Globally, in 1996, Aids is a disease of heterosexuals

5,000 gay men have died from Aids in Britain and more than 200,000 in the US.

If there is any consolation or comfort to be gained from this tragic waste of human life, these men did not die in vain, in so far as their deaths have acted as a global early-warning signal. A touching analogy is with the delicate canaries that coal-miners used to take with them down the pit, because these fragile birds were more exquisitely sensitive to danger than the miners themselves.

There are signs, however, that the signals are not being heeded. In Britain today, there are more than 7,000 men and women who have been infected with HIV through heterosexual intercourse. Some of them got infected abroad, through holiday romances or casual encounters on business trips.

The infection rate among gays is falling, but that among heterosexuals is rising. By the end of the century, according to the official estimates, there will be about 1,200 new cases of Aids among British gays and about 525 among heterosexuals.

Every case of Aids is an individual tragedy, but that the absolute numbers are so small is a cause to rejoice not to curse the money that was so well spent in the past.

# Amis's paternal triangle

How does it feel to discover you have a secret and famous father? Jack O'Sullivan investigates

There is an old wives' tale that babies bear, for their first year, a striking resemblance to their fathers – nature's way of cementing the paternal bond, of winning over a man, who may be tempted to desert his offspring. But in Delilah Seale's case the similarity has persisted. At 20, she has her father's forehead, his blond hair, his fine features. Her physical appearance is a constant reminder of a secret, just made public: Delilah is the biological daughter not of Patrick Seale, the man who raised her, but of Martin Amis, the novelist.

For two decades, both men kept their counsel. They saw each other across a room at parties from time to time, but never spoke of Delilah. Amis made no contact with his child, conceived during a brief but passionate affair with the Seventies author and beauty, Lamorna Heath. Her husband, the author and Middle East specialist, Patrick Seale, knew of the affair, which took place during a short separation. But he set it aside, the couple were reunited and he put his name on Delilah's birth certificate. Seale brought her up on his own, after his wife, a depressive, committed suicide when the child was two.

Now, the truth is out, following Seale's decision last year to tell Delilah about her natural father, whom she now meets regularly. "It was obviously a rather shattering experience for Delilah," says Seale, "but it has been as untraumatic as could be hoped. It has helped that Delilah, myself and her brother have such a strong relationship and that my relationship with Martin has been amicable."

Shattering certainly. Imagine discovering that not only is your natural father the arrogant and grumpy Amis, but that granddaddy was the irascible and even grumpier Sir Kingsley. Amis the younger has a dark personality that dwells on the sinister. He may be a great writer, but he is often accused of failing ever to construct a sympathetic

female character. Even now, at 46, he is misread: he, divorced wife, Antonia Phillips, a fortnight ago.

Seale is, however, generous in his admiration of the writer and appreciative of Amis staying silent for so long. "For many years I forgot the whole thing. She was my daughter and still is. There is just this rather interesting aspect to her life, which is rewarding and enriching. Knowing the truth has given her another dimension and helped her understand herself more profoundly. I felt I owed it to her that she should be told when she reached adulthood."

An affable, kindly man, Seale managed heroically, a little like Sylvia Plath's husband Ted Hughes, when he was left with two toddlers after their mother killed herself.

"I was present at Delilah's birth. She was absolutely adorable. It didn't seem a big deal to accept her as my child. In modern marriages today, lots and lots of people are bringing up other people's children. Perhaps it was easier for me because she was white and good looking. The fact that she looks so like her brother helped. Martin's absence also probably made it easier for me to feel that Delilah was my own. After Lamorna's death, it never crossed my mind to let her go."

All of this sounds like an extraordinary story. But it is less unusual than you might think. Literary and artistic figures are famously prolific in more than their craft. Byron fathered a child with a maid at Newstead Abbey, his ancestral home, and several others on the wrong side of the sheet. Robbie Burns is said to have had a rake of illegitimate children, the number probably exaggerated by his Scottish admirers. Augustus John remarked that he never walked down Maiden Vale without patting a child's head, perchance he was its father.

Not surprisingly, the revelation of hidden parenthood has been a recurring theme in drama from Shakespearean comedy to the discovery of



Twist in the tale: Amis, his daughter Delilah, Patrick Seale, the man who raised her, and her mother Lamorna

Kathy's daughter in *EastEnders* and Jack's realisation in *The Importance of Being Earnest* that Lady Bracknell is, in fact, his mother. *Habemus Corpus*, Alan Bennett's West End play, and Mike Leigh's recent film, *Secrets and Lies*, all revolve around finding one's true parents.

Drama reflects fantasy. Which child has not dreamed at some that its real parents were really not the dull, suburban types fate imposed? "Children often imagine that one day they will find parents who are more famous, richer, more loving than the parents they have," says Robin Skynner, the

child psychiatrist and co-author with John Cleese of *Families and How to Survive Them*.

Martin Amis may not be Delilah's dream come true, but the arrival of Britain's most celebrated novelist into her life must still seem like something of a fantasy. Now a history student in Oxford, she has gone off adventuring in Latin America, no doubt in ebullience over the whole idea.

What hope then for the rest of us swapping parents and finding a rich and famous daddy? Less unlikely than you might think. Steve Jones, Professor of Genetics at University

College, London claims in his book, *The Language of Genes*, that "in middle class society, about one birth in 20" is of a child that has not been sired by their mother's partner. British medical students are taught that the non-paternity rate is even higher: 10-15 per cent.

The lesson of all this is twofold. If a strange man pats you on the head as you are walking down the street, take a good look at him for any familiar features. And, clearly, Shakespeare's warning remains true today: "It is a wise father that knows his own child."

# Neither a boom nor a blip, but a new world

Conflicting signs about the state of the economy are misleading. In fact, the very ground has shifted

Is it a boom, a blip? It rather matters for obvious political reasons, for it may affect the timing of the election, perhaps even the result. But it also matters for all our futures: if the British economy were heading into another late Eighties-style boom, things might be fun for a while but there would be a reckoning around the corner. If, on the other hand, it were only managing to achieve the present moderate growth by soon-to-be-reversed cuts in interest rates, there would not be much of a party during the next year, even though the hang-over might be less virulent.

Yes, yes, I know economists are bound to disagree but the problem here is not so much with economists but with the figures. On this occasion it is the figures that disagree.

On the one hand there has in recent weeks been a mass of evidence that some sort of consumer boom is a-brewing. House prices seem to be moving up at last; not just being talked up by estate agents. Just yesterday the building societies revealed that in May they approved £4.2bn of new mortgages, more than at any time since the 1980s. Until this week retail sales also seemed to be strong,

with encouraging data not just in the official figures but from groups like the John Lewis Partnership, which produces week-by-week sales figures. Consumer spending, a wider measure than retail sales, is certainly rising: it was up more than 3 per cent last year against a rise of 1.5 per cent on goods. Unemployment is coming down, even allowing for flaws in the way those figures are collected, and the number of notified vacancies is rising. Add in the boost to people's wealth from such things as the conversion by building societies to public limited company status, and most of the building blocks of a boom seem in place.

But against this there is another block of data which points to an economy that is struggling. May retail sales, published on Wednesday, showed a fall. Manufacturing is technically in recession, with output having fallen for two successive quarters, although it is still up a bit on the level of a year ago. If you look at employment, not unemployment, that too fell in the first quarter of this year.

So there is a puzzle here. The new OECD half-yearly forecast, published yesterday, expects the British economy to grow by 2.2 per cent this year, com-



HAMISH McRAE

## This sort of advance was familiar to our Victorian ancestors

pared with France at 1 per cent and Germany at 0.5 per cent. It also expects 3 per cent growth next year. But these forecasts can be speculatively wrong. In any case, pure figures do not explain why some aspects of the economy seem to be whizzing ahead and others are flat on their backs.

I think there is an explanation. There are three big structural shifts taking place in all developed economies that make the signals con-

fusing. One is the near-elimination of inflation. We are used to the idea that we become richer by earning sufficiently more money to more than compensate for inflation. But we are now moving towards a world where, in many areas, higher living standards come from lower prices, not higher wages. Prices of virtually all electronic goods fall by the month. Transport costs are falling, for there are new cheap airlines to Scotland and the Netherlands, and cheaper rail fares to Paris and Brussels. Telephone charges are falling so are household fuel bills. Even where charges are not falling, quality is improving: a Ford Fiesta now is better than a Ford Fiesta of 10 years ago. This sort of advance was familiar to our Victorian ancestors, but we are not used to it, so we fail to see that our real income is rising.

The second shift is from manufacturing to services, the shift from spending on physical goods to spending on intangibles such as information or entertainment. For example, in 1980 US consumers spent half as much on information as they spent on food; by 1992 it was three-quarters; now the two are probably almost equal. A similar pattern is surely happening here,

but – and this is the important bit – different types of spending show up in different ways. We are spending a lot more on travel, self-evidently on the roads and in the air, but none of that shows in the shops. If we make more mobile phone calls, again, no benefit to the high street. So living standards rise, but the rise feels different to the rise we experienced in the 1980s.

Third, the rise in insecurity, real or perceived, means that we feel we have to spend more on some things even if we would prefer not to. Take job insecurity: the statistics may say that there has been no real change since the 1980s, but the fact that people feel more insecure will mean that they will seek to save more, maybe buy more insurance, or put more into a pension plan.

And there lies the answer. These three grand shifts make the economy feel different. What we are seeing now is neither a boom nor a blip. It is something altogether more boring. It is a solid expansion: quite secure, not much fun. Actually there is nothing wrong with that. Previous booms collapsed because they were bubbles puffed up by inflation. That world has gone, here and elsewhere.

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World Society for the Protection of Animals



# business

THE INDEPENDENT • Friday 21 June 1996

BUSINESS NEWS DESK: tel 0171-293 2636 fax 0171-293 2095

CITY &amp; BUSINESS EDITOR: JEREMY WARNER

## Strong lending heralds end of five-year housing slump

DIANE COYLE  
Economics Editor

The clearest evidence yet that the housing market is back on its feet and dusting off the last traces of a five-year slump was provided yesterday by a surge in mortgage lending last month.

Other lending, to consumers and industry, also remained buoyant in May. A separate survey by the Confederation of British Industry indicated that, even in manufacturing, there is a glimmer of light at the end of the tunnel.

High street banks and building societies reported a strong increase in net mortgage lending during the month – up 22 per cent to £69.9m in the case of the banks and 36 per cent higher at £1.1bn for the building societies.

Even more encouraging was a rise in the number of new loans approved by the building societies to 48,000, highest since November 1994. Figures for the number of housing transactions, due from the Inland Revenue today, are also expected to show an increase in May.

Adrian Coles, director general of the Building Societies Association, said: "Many of the factors for recovery, such as improved employment and the reduction in taxation, have been in place for some time, and the lending figures are beginning to show the results of this."

The House Builders Federation brought more cheer, saying that 53 per cent of members surveyed had reported an increase in reservations for new homes. More than two-thirds were confident that sales would improve.

The pick-up in mortgage lending was accompanied by strong bank lending all round.

The British Bankers' Association said consumer lending remained above the recent monthly average at £38.2m but well below April's record.

The company sector also borrowed significantly more in May after a repayment in April.

The total rise in borrowing last month was £5.8m compared with £4.2m in April.

Growth of the broad money supply measure M4, whose rapid expansion has caused concern at the Bank of England, remained at 10 per cent in May

rather than falling as expected. Although manufacturing industry remains sluggish, according to the CBI's latest monthly survey, it reports hopeful signs in a new survey today.

Fewer firms than last month are expecting output to fall

"The revival in the home market has helped to offset the fall in exports," said Sushir Jankar of the CBI, although he pointed out that firms had become less optimistic about output in the next four months.

In addition, manufacturers have run down their excess stocks of finished goods this month. The balance reporting more than adequate stocks shrank from 25 per cent in May to 17 per cent in June.

Some economists now predict a rebound in manufacturing once stock levels are back to normal. "Manufacturing output is likely to recover quite quickly," Michael Saunders at Salomon Brothers said.

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## Think-tank claims UK economy will grow fastest

The British economy will grow faster than its main European neighbours for the next two years, according to an authoritative forecast published today, writes Diane Coyle.

The Organisation for Economic Co-operation and Development has revised up its outlook for the UK in its half-year forecasts for member economies, only a few weeks after downgrading it. It predicts growth of 2.2 per cent this year and 3 per cent next.

However, a recovery in growth in the rest of Europe later this year will not be strong enough for Germany and France to qualify for the single currency on time, according to the OECD.

In contrast to the European Commission's recent optimism that the two key countries could scrape below the Maastricht Treaty ceiling for government deficits as a proportion of GDP in 1997, the Paris-based think-tank predicts that only Denmark

and Ireland will qualify in time.

The OECD's pessimism about the prospects of France and Germany cutting their government budget deficits below the 3 per cent of GDP target arises from its scepticism that announced spending cuts will be implemented. In contrast, the European Commission assumed the respective governments will deliver all the spending cuts they have promised.

Restoring the health of public sector finances is the most pressing problem facing OECD countries, says the report.

Current fiscal policies are unsustainable, it argues, but the OECD is very upbeat about the short-term economic outlook. The next two years will bring sustainable growth, with a recovery on the Continent and in Japan, and low inflation.

The OECD predicts the German deficit will decline to 3.6 per cent of GDP in 1997, although it notes that this would correspond to a figure below 3

per cent, adjusting for the stage of the business cycle. It puts the French government deficit ratio at 3.7 per cent of GDP.

On the brighter side, the OECD says most member countries have come close to achieving price stability. It forecasts continued growth in the US and a firmer recovery in Japan.

The report says "judicious" monetary easing is required on the Continent, especially as budget cuts get under way.

OECD forecasts

	1996	1997
Real GDP growth (per cent)		
US	2.2	2.6
Japan	0.2	2.4
Germany	0.5	2.4
UK	2.2	3.0
OECD total	2.1	2.5
Inflation		
US	2.1	2.2
Japan	0.5	0.3
Germany	1.5	1.3
UK	2.5	2.5
OECD total	1.9	1.9

\*excluding Mexico and Turkey

## Scottish wins Southern Water with £1.6bn bid

TOM STEVENSON  
City Editor

Southern Electric threw in the towel yesterday in its attempt to win control of Southern Water when it was knocked out by an audacious counter-bid from ScottishPower. The Southern Water board are expected to recommend the Scots' £1.63bn offer later today.

ScottishPower finally won the day after tabling an unusual two-tier offer that effectively priced its southern rival out of the developing auction. Topping Southern Electric's recent 975p offer, the Scottish company made a final bid of 1,050p but retained the right to increase its offer to 1,100p if Southern or any other party returned with a higher offer.

Southern Electric indicated early in the day that it believed ScottishPower was overpaying for the south coast water company. Henry Casley, chief executive, said: "We are not prepared to overpay. Our offer was a full and fair price and most reasonable people will assume that, with a customer overlap, we can produce more savings than Scottish."

Attention focused on Southern Electric's future as an independent company following its repeated failure to expand its activities over the past two years. Having agreed to a takeover by National Power earlier this year, only to see that deal blocked by the Government, it is widely expected to be the subject of another takeover bid as the electricity industry continues to consolidate.

ScottishPower insisted that the takeover would result in immediate and substantial enhancement of earnings per share and an increase in the rate of dividend growth. Murray Stuart, chairman, said: "We are a builder of businesses and have a clearly focused strategy. Our highly successful integration of Manweb proves that our management team has the expertise to reduce costs, improve efficiency and grow revenues."

ScottishPower promised there would be no compulsory redundancies at Southern Water, as there had not been following last year's hostile takeover of Manweb, the north-west regional electricity supplier, but it insisted that the deal offered substantial cost savings.

It has already announced planned cost cuts of about £63m from the Manweb deal and, while the savings are likely to be more modest at Southern, analysts expect reductions of between £40m and £45m.

Any takeover still has to receive regulatory clearance from the Office of Fair Trading but a referral is thought unlikely. The deal would not appear to compromise competition in the Southern region and there would not seem to be concerns about ScottishPower's financial strength following the deal and, therefore, about its ability to meet its obligations to customers.

Following the acquisition, which is to be part funded by a rights issue, to raise £589m, ScottishPower will have gearing of 125 per cent, a figure which is expected to fall subsequently. Interest cover is considered safe at more than four times.

The move is ScottishPower's latest step in a rapid expansion both geographically and into other utility areas, where it leads the field in the creation of so-called multi-utilities. It now has interests spanning electricity, gas, telecoms and water and has created toeholds in north-



High hopes for a multi-utility: Ian Robb, ScottishPower's chief executive (left), and Ian Russell, finance director

Photograph: Geraint Lewis

ern and southern England as well as its Scottish heartland.

The move comes ahead of a radical opening up of Britain's gas and electricity markets in 1998 when, for the first time, 23 million residential electricity customers and 19 million gas

users will be able to choose their supplier.

The terms of the deal will see Southern Water shareholders receiving 1,028.2p in cash plus a 21.8p dividend from the water company, representing a premium of more than 50 per cent

to Southern's price before ScottishPower made its first offer on 28 May.

There is a share alternative whereby Southern shareholders can take 1.23 ScottishPower shares plus 681p in cash – that offer was worth 1,064.8p at

ScottishPower's closing price of 312p last night, up 1p.

Southern Electric shares jumped 28p to 702p as investors breathed a sigh of relief that the company had resisted the temptation of overpaying simply to keep ScottishPower

out of its home patch. Southern Water shares jumped 26p to 1,015p.

The early withdrawal of Southern from the fight put an end to a bid battle that was showing signs yesterday of taking an acrimonious turn.

## Oakland sale signals Facia group demise

NIGEL COPE

The Torq Jewellery chain is the only part of the collapsed Facia group to remain in receivership after Oakland Menswear was sold yesterday. The buyer was Ciro Citterio Menswear which has acquired 27 of the 31 stores for an undisclosed sum in a deal that saves 140 jobs.

Administrative receiver Tony Thompson is still seeking a buyer for the other four shops in Richmond, Kingston-upon-Thames, Peterborough and Oxford Street.

"We hope to sell the remaining stores as individual concerns and discussions are still continuing with interested parties," said Mr Thompson.

Facia, which was Britain's second-largest privately owned retailer, was put into receivership on 1 June with debts of around £30m. Since then, there has been a steady stream of deals securing the group's parts.

"The major sales of the re-

ceivership are now concluded," Mr Thompson said.

The only large part of the group still awaiting sale is the Torq chain. "We are in advanced negotiations with purchasers who have expressed interest in various parts of the chain. It is unlikely that the chain will be sold as a whole, but we do hope to have sold all the stores soon," the receiver said.

Price Waterhouse is overseeing the sale of Freeman Hardy Willis, Saxone, Manfield and Curless. Facia's former shoe chains which are still in administration.

The Sock Shop chain has already been sold to the Jumper retail group, while the Red or Dead design group has been sold back to its founders Wayne and Geradine Hemmingsway.

Contessa, the lingerie chain, was acquired by Chancerealm, controlled by Theo Phaphitis. Mr Phaphitis had previously acquired the Ryman chain of stationery shops.

## Tokyo steps up search for 'Fishy Nishi'

NIG CICCUTTI and  
RICHARD LLOYD PARRY  
Tokyo

The net was closing in yesterday on Shinichi "Fishy" Nishi, the Japanese trader whom investigators want to interview about links with Yasuo Hamanaka, the Sumitomo Corporation copper trader whose losses cost his company £1.2bn.

Mr Nishi, operating through his company Winchester

Metals (Tokyo), is said to have been involved with Mr Hamanaka in a series of copper trading activities.

It remains unclear whether Winchester Metals is the same company as the one sold for £65,000 by the UK copper trading firm Winchester Commodities in June 1993.

Winchester Commodities had previously been investigated, and cleared, by the Securities and Futures Authority for its

own activities linked to copper trading.

A Winchester Commodities spokesman said the identity of the purchaser of 90 per cent of the interest in its Tokyo subsidiary had never been revealed. One Winchester Metals employee, who would not be named, confirmed yesterday that Mr Nishi had owned "most" of the business for several years.

Operating through Winchester Metals, Mr Nishi was named

by David Threlkeld, the metal dealer and whistleblower, as the person to whom he was asked to confirm new contact traces with Sumitomo in October 1991.

Mr Threlkeld sold his own Tokyo business to Mr Nishi for \$80,000 (£50,000) in June 1992.

Mr Nishi, said by Mr Threlkeld to be a former Merrill Lynch employee, is likely to face questioning by financial investigators over his dealings with Mr Hamanaka.

## Blame the boss's 'presentee-ism' for stress

ROGER TRAPP

Howard Davies, deputy governor of the Bank of England, will leave work before 6pm today. If Parents at Work, the charity of which he is patron, has put over the message of its first National Go Home on Time Day effectively, he will not be alone.

Coming on a Friday in the middle of summer, longest day of the year, the idea is bound to

have a certain appeal. Hill & Knowlton, the City PR firm acting for PPP Healthcare, which is backing Parents at Work's initiative, presumably will not be the only organisation encouraging its staff away from their desks.

It will be joined by, among others, J Sainsbury, British Airways, Whitbread and MFL. But, while some banks have signed up, City firms have generally

greeted the idea with derision.

In some jobs – and dealing in shares and commodities is among them – a great deal of work must be done daily. Staff reductions brought about by recession and the belief that competition is getting ever more intense have increased the pressure on those in many professional roles, particularly middle management.

According to Cary Cooper,

professor of organisational psychology at the University of Manchester's Institute of Science and Technology, it is common for bosses to inculcate a culture of "presentee-ism" by working ever longer hours.

Surveys confirm that British white-collar workers spend far longer in their offices than Continental counterparts, and suffer far more stress.

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STOCK MARKETS					
Index	Close	Day's change	Change%	1996 High	1996 Low
FT-SE 100	3727.50	-25.70	-0.7	3857.10	3639.50
FTSE 250	4449.80	-5.30	-0.1	4568.80	4015.30
FTSE 350	1886.60	-10.50	-0.6	1945.40	1816.60
FT Small Cap	2235.83	-0.37	-0.0	2244.38	1954.06
FT All Share	1873.67	-9.69	-0.5	1924.17	1791.95
New York	5648.72	+0.37	+0.0	5778.00	5032.94
Tokyo	22437.30	+89.94	+0.4	22437.30	18734.70
Hong Kong	10904.47	+0.0	+0.0	11594.98	10204.87
Frankfurt	2539.51	-14.82	-0.6	2570.78	2253.36

Source: FT Information

INTEREST RATES					
Short sterling*	UK medium gilt	US long bond			
1 Month	1 Year	Medium Bond (Q)	Year Ago	Long Bond	(Q) Year Ago
UK	5.03	5.81	6.10	5.09	8.24
US	5.41	6.20	6.88	6.03	7.05
Japan	0.47	1.13	3.29	2.89	-
Germany	3.38	3.60	6.61	6.64	7.22

\*Bankmark indices

CURRENCIES					
£/\$	£/DM	£/¥			
Yesterday	Change	Year Ago	Yesterday	Change	Year Ago
\$ (London)	1.5416	-0.22%	1.5098	£ (London)	0.6487
¥ (London)	1.5360	unch	1.5970	DM (London)	0.9510
DM (London)	2.3500	+0.24%	2.2248	¥ (London)	1.5244
¥ (London)	186.863	-0.07%	185.349	£ (London)	108.240
£ Index	85.7	unch	84.1	£ Index	86.9

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# A clever ruse wins the day in the water battle

## COMMENT

'For once the bankers earned their crust, and it would be surprising if this sort of conditional bid did not become a regular feature of contested takeovers'

However ridiculous and ill judged the creation of these so-called multi-utility companies, it is hard not to admire the pounce with which ScottishPower knocked Southern Electric out of the auction for Southern Water. What is really surprising is that the ruse Barings devised to ensure victory has not been thought of before.

By offering a firm 1,050p a share for Water, but promising to come back with up to 1,100p if Electric or anyone else had the audacity to make a counter-bid, Scottish cleverly derived all the benefit of a high knock-out offer without actually having to stump up the £75m it would have cost.

Electric took to the phones yesterday to ridicule the high price Scottish was paying for its new southern customer base, but the fact of the matter is it was outmanoeuvred. For once the bankers earned their crust, and it would be surprising if this sort of conditional bid did not become a regular feature of contested takeovers.

Clever as it is, however, it does put Southern Water's board in an interesting position this morning as it sits down with Scottish to discuss recommending the offer. Having recommended Electric's 975p offer already, directors must on the face of it back the higher Scottish offer.

But can they honestly put their names to a 1,050p bid when the bidder has said in the same breath it is prepared to pay £11. It must be their duty to tell shareholders to do nothing until the end of the bid timetable to give

a third party the opportunity at least of invoking the promised higher offer.

With payoffs at stake, there won't be much support on the board for undue boat-rocking and it is clear that Scottish has won the day in some style. The Scottish power company's thinly disguised exercise in empire building will take another giant step forward. Whether the deal can be made to add up for shareholders, customers and employees remains to be seen. The only precedents, United Utilities in the north-west and Hyder in Wales, are too young to provide any sensible guide.

By pandering to the regulators' desire to see at least some of the benefit of the inevitable spate of mergers passed on to customers through lower bills, Scottish should avoid a reference and the deal should be as good as done. It is too early to say, however, whether Southern Water shareholders, with their 50 per cent premium, or ScottishPower, with its new customers, will have the last laugh. The palpable relief that sent Southern Electric's shares higher yesterday was a telling reminder that victories are often Pyrrhic.

## Clarke could manage one more rate cut

The ultimate weather-vane for the winds of monetary policy must be Life's short sterling futures market, where traders in loud jackets and white socks bet on the future path

of base rates. Their money is on increases from now on, with a base rate of 6 per cent priced in for the end of December. The logic of this view is hard to fault. The economy is picking up – there was fresh evidence of an emerging housing boom yesterday – therefore our dear Chancellor will put up rates as swiftly as he has brought them down, the market reasons. After all, he has said so often enough.

Perhaps this is right, and the time will come when Mr Clarke does indeed announce the first increase. But there is no earthly reason to think he will do it before the end of the year. In all the efforts the Treasury and Bank have devoted to the monetary policy arrangements, there has been nothing to determine what level of rates to aim for. The policy framework is all about the direction of change. It leaves acres of room for Mr Clarke's discretion about what level to aim for.

Consider this month's surprise cut in base rates. We do not yet have the minutes of the meeting, but presumably the Chancellor pointed to low inflation and weak manufacturing. Since then we have had more figures showing that inflation is low and manufacturing weak. There is nothing to prevent him cutting base rates again in July if he feels like it. With the Bank of England now effectively tamed, he's not going to get more than a squeak of opposition from Eddie George, who seems increasingly to be coming round to the view that his job is to judge the pub-

lic mood rather than stick to rigid inflation targets. Not that the Government has publicly announced this as his new role of course, but the shift is certainly implicit.

The way Mr Clarke sees it, he got base rates down to 5.25 per cent in 1994 without bringing the sky crashing down, so why not do it again? Well, there are reasons, such as the greater strength of the housing market now and the intervening two years of liquidity build-up by households and companies. But nothing in the monetary framework sets a limit. Mr Clarke can – and will – move his own goalposts. It seems a reasonable bet that interest rates have got at least another half point to fall before rising once more.

## The local pharmacy needs price control

Abolition of retail price maintenance, pharmaceutical products, is generating lots of favourable publicity for him, but it is a cause the competition authorities would be well advised to ignore. Asda's campaign has a superficial attraction, especially for healthy, affluent, busy, car driving types who like to shop in supermarkets. That's why it gets so much support from the press. If you can get all your pharmacy needs from the supermarket, and at half the price to boot, so much the better. But there are good reasons for retail price maintenance in pharmaceuticals.

both of the prescription and over-the-counter variety, and they should not be sacrificed to the cause of rampant consumerism.

The local pharmacist performs an essential service in his community. His role goes beyond that of most local small retailing businesses; he is part of the nation's health support system. Retail price maintenance ensures that the nearest Tesco or Asda cannot undercut the Mr Patels of this world and therefore helps them stay in business. Many other small retailers would give their eye teeth for similar protection, but they don't get it. The result is that in some areas the nearest hypermarket has come to take an unhealthy large share of the local grocery trade – 60 per cent in some catchment areas. Now this is something the Office of Fair Trading really should be concerned about. Supermarkets have many virtues, but they are also destroying diversity, consumer choice and decent standards of service on the high street as well as driving many small businesses to the wall.

The Office of Fair Trading should give Mr Norman short shrift. And so should Brussels, should it feel tempted to meddle. This latter possibility seems remote, however. Pharmaceuticals is one of the few industries which appears completely immune to the harmonising instincts of Brussels. From Spain to Denmark, member countries refuse to give the EU a look-in when it comes to the way medical products are regulated. And so they should.

# Bremer head detained in search for missing money

IMRE KARACS  
Bonn

The former chairman of the bankrupt German shipbuilder Bremer Vulkan spent yesterday in a police cell as investigators widened their search for some DM716m (£305m) of missing government funds and EU subsidies.

Friedrich Hennemann was detained after a series of spectacular raids on Bremer offices and the homes of company managers scattered in 29 locations in northern Germany. Police are reported to have discovered a "six-figure cash sum" and "incriminating material" in Mr Hennemann's second home, which he had kept secret from the authorities until now.

Mr Hennemann, 60, had left Germany's largest shipbuilder at the end of last year as the first reports began to surface about

a large hole in Bremer's accounts. After it posted an operating loss of DM138m for 1995, the European Commission demanded the return of DM600m worth of regional funds, forcing the company to seek protection from creditors in February. It went into receivership at the end of April, threatening 23,000 jobs.

In the past months investigators have revealed a series of irregularities at the company's Bremen headquarters, ranging from false dividend forecasts to misleading statements to creditors, but these appear to have been dwarfed by the alleged pilfering of public funds which took place over a five-year period.

In the early 1990s, Bremer Vulkan purchased a string of derelict shipyards in the Lüneburg East Germany, and proceeded to harvest subsidies earmarked for the redevelopment of eastern industry. Of the DM854m

disbursed by the EU and German taxpayers, only DM138m is estimated to have reached the shipyards in the east.

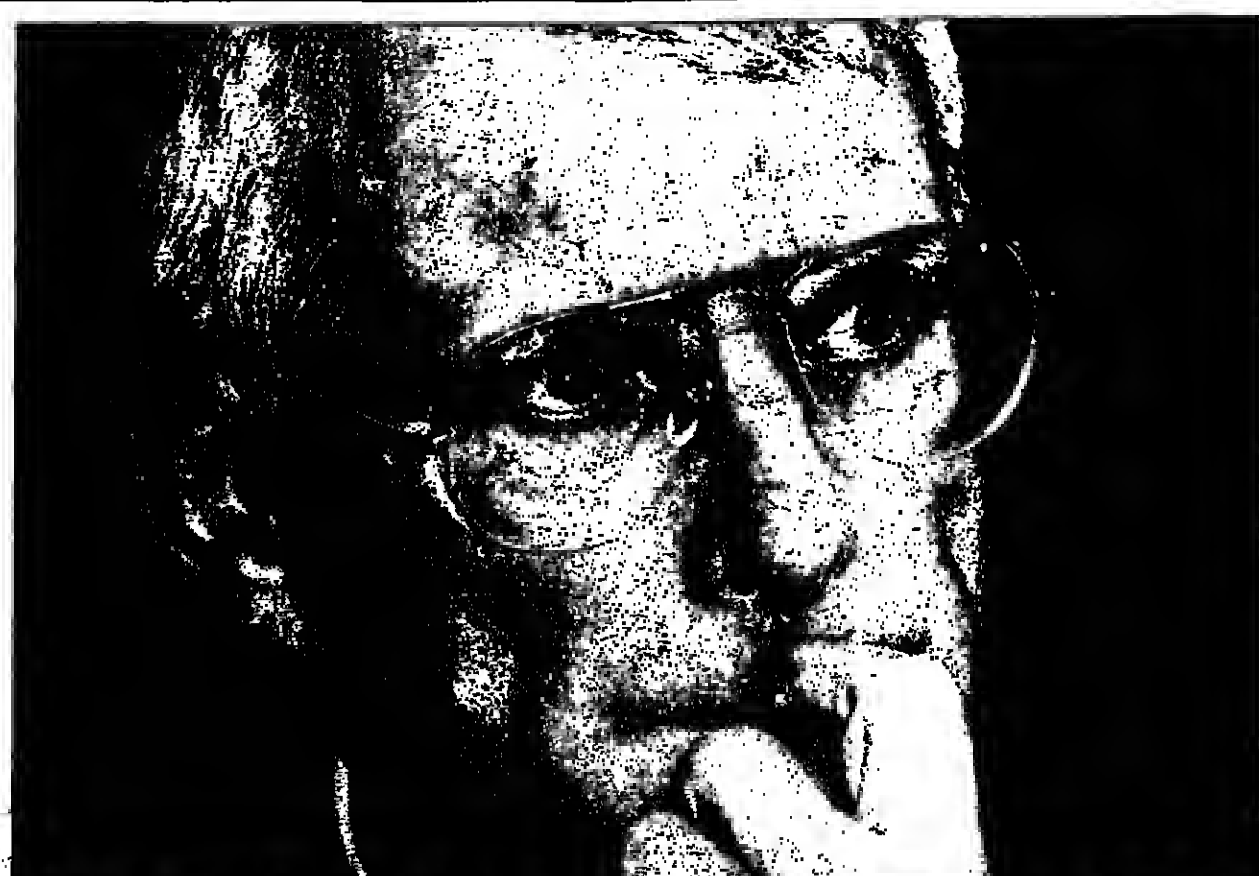
Attempts to diversify into other activities proved wholly unprofitable, but losses were concealed by transferring money destined for the east into accounts in Bremen. In effect, the EU and government funds were used to cross-subsidise the company's core groups.

Bremer's demise in a blaze of scandal threatens to turn the once prosperous Hanseatic port of Bremen into an economic disaster zone. Though the company is being kept afloat in order to regain some investment sunk into half-finished projects, the city's unemployment rate will hit a west German record of 20 per cent when the shipyards are inevitably closed.

The Bonn government has refused to bail out the company, and has denied any responsibility for Bremer's corrupt practices. But the National Court of Audits is expected to issue a highly critical report next week, accusing the Bonn authorities, the east German privatisation agency, Trenhand, and its successor, BVS, of negligence.

Germany's leading hanks, most of which seemed happy to pour good money after bad, are also unlikely to escape blame. A line of credit was arranged by leading institutions last September, at a time when rumours about Bremer's state of health were already in circulation. It is not expected that the loans will ever be repaid.

Since April, Bremer Vulkan has been broken up into its constituent groups. Ironically, the units that have proved most successful since the meltdown at the same east German shipyards that were deprived of investment by the parent company for so long.



Under scrutiny: Former Bremer Vulkan chairman Friedrich Hennemann is the subject of intense police investigations

# Labour threatens to clamp down on bus firms

PATRICK TOOHER

The Labour Party yesterday went on the offensive over transport policy, threatening to re-regulate the bus industry if it won power at the next election and hitting out at the proposed alliance between British Airways and American Airlines.

Graham Allen, Labour transport spokesman, told a conference organised by the party to present its transport

policy platform that one of its priorities would be to end the practice of rival bus operators running deliberately overlapping services in an attempt to win market share.

"One fundamental thing is to end on-the-road competition," Mr Allen said, adding that Labour wanted to provide certainty and stability for the bus industry.

Since the Conservative Government began deregulating the buses in 1985, the in-

dustry has undergone a revolution which analysts say has slowly led to the emergence of a number of big, efficient bus firms.

The pace of consolidation has increased rapidly in recent months. Earlier this week Cowsell, the Sunderland-based motor dealer, became Britain's third largest bus operator when it paid £302m for British Bus.

But the process has also had side-effects. Critics and supporters of the liberalised

industry agree that to date there have been only limited benefits for passengers. Poor integration has created new problems with service quality and standards, rather than solving old ones.

Separately, Labour's shadow transport minister, Clare Short, claimed that the planned alliance between British Airways and American Airlines would be against the public interest.

"My considered view is that

it would be wrong to permit this merger – which will create a virtual monopoly – without proper consideration of the public interest," Ms Short told the conference.

She said she believed the plan amounted to a merger, not just an alliance, and should therefore be investigated as such. She was writing to transport minister Sir George Young to ask for an inquiry by the Civil Aviation Authority. "This important decision must

be properly considered and properly made ... We need proper scrutiny," she said.

The CAA can only investigate commercial matters if instructed by the Government.

The transatlantic alliance, unveiled last week, requires the approval of US anti-trust regulators, who are linking such approval to getting a liberalised "open skies" bilateral agreement to create a free market on Anglo-US air routes.

# Decoders earn Pace men their fortunes

TOM STEVENSON  
City Editor

Four directors of Pace-Micro Technology made their fortunes yesterday as the satellite and cable-decoder maker saw its shares soar on the first day of conditional dealings on the stock market. David Flood, Pace's founder and its largest shareholder, saw his personal worth leap to almost £250m.

Mr Flood, a former design engineer with Thorn EMI who started Pace in 1982, sold about 63 million shares at 172p in a placing to institutional shareholders of half the company's existing stock. As well as raising £108m from the sale he retains a holding in Pace worth almost £130m after shares in Pace jumped to 204p in the so-called grey market. Official dealings on the stock market start next week.

Only large institutions were able to benefit from the 172p placing price as BZW and Panmure

Gordon chose a book-building method to fix the price which was only open to large investors.

A spokesman for one of the joint lead managers defended the price achieved for the shares yesterday. He said the book-building method was the best way to reflect the price investors were prepared to pay for the shares.

Forecast for the current year to 1997 point to rapid growth in earnings of about a third, with profits jumping from £18m to about £23m.

Pace is benefiting from an explosive growth in demand for decoding boxes used in digital satellite and cable television services. These are rapidly succeeding the analogue services that have so far dominated mature markets such as the US.

The market will receive a substantial boost in 1998 if the UK Government proposals for digital terrestrial television succeed.

# Court to judge Tunnel mediators

Paris – Jean-Pierre Mattei, president of the Paris commercial court, is to decide soon on a possible extension of the mediation mandates held by Robert Badinter and Lord Wakeham in the conflict between Eurotunnel and its banks, AXF reports.

The court appointed Mr Badinter and Lord Wakeham in February to handle the refinancing negotiations with Eurotunnel's creditor banks following a request by the company.

The mandates of the two mediators, which expire 30 June, could be extended, "if there are reasonable chances of seeing a solution," Mr Mattei said.

He added that the last meeting between the two parties and the mediators took place re-

cently. The mediators would hand in a report before end month.

Mr Mattei warned that there could be serious legal complications if Eurotunnel was found to be legally incapable of paying its debts, which would trigger clauses in its contracts under which new managers could be substituted to take control of the tunnel.

Eurotunnel suspended interest payments on most of its £8bn debt in September. "Given that this affair is based on a

bunual would open a procedure of legal reappraisal.

He added: "I am not sure if the substitution clause could be applied as easily as certain parties think and that its consequences will be as light as some seem to believe."

Eurotunnel suspended interest payments on most of its £8bn debt in September. "Given that this affair is based on a

hybrid legal basis – civil and corporate laws, within a Franco-British covenant ... this affair is a judicial monster," he said.

"The mediators have tried to impress on the banks' representatives that there have to be other solutions than invoking the substitution clause."

The interests of Eurotunnel's shareholders were "one of his concerns," Mr Mattei said.

• **General Motors' Opel car unit** warned earnings this year are likely to be below 1995's level. "More intense competition in Germany and Europe is causing us concern," said finance director Gail Gunderson. Opel reported a 1995 net profit of £155m, up 18.2 per cent on the previous year.

• **Britain's Securities and Futures Authority** said it fined Standard Chartered Capital Markets £25,000 after finding it had failed to adequately supervise its back office and the activities of one of its traders. The case arose in the first half of 1995, the SFA said in a statement, adding Standard Chartered had decided to close the business of Standard Chartered Capital Markets before the incident was uncovered.

• **Friends of the Earth** launched a savings account with Triodos Bank designed to promote green energy. The bank anticipates raising £10m to provide loans for renewable energy and energy conservation projects. Savers will be offered rates of interest of up to 5.5 per cent gross per annum.

• **British Biotech** commenced the first Phase III trial of its new anti-cancer drug marimastat in patients with advanced pancreatic cancer.

• **Auditors must earn their way back** to the top table of advisers, said Gerry Acher, head of audit at KPMG, at yesterday's annual conference of the Institute of Chartered Accountants. But he warned that this could only happen if they were helped by lawyers, industrialists and insurers in getting the liability law reformed.

• **Burnfield** bought Beta Instrument Company in a deal worth up to £11.2m. Beta manufactures laser-based quality and process control equipment for measuring and controlling cables and other extruded products and made profits before tax of £1.04m in the year ended March 31.

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## market report/shares

Hi-tech

## DATA BANK

FT-SE 100  
3727.5 -25.7

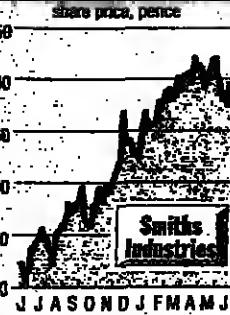
FT-SE 250  
4449.8 -5.3

FT-SE 350  
1886.6 -10.5

SEAQ VOLUME  
759.7m shares,  
30,626 bargains

Gilts Index  
92.00 -0.02

## SHARE SPOTLIGHT



## ICI downgrading proves a headache for drugs sector

## TAKING STOCK

Imperial Chemical Industries, once regarded as the bellwether of British industry, was under pressure as Barclays de Zoete Wedd, one of its stockbrokers, slashed its profit projections.

The shares slithered to their lowest since February, off 20p at 809p after touching 801p.

BZW was said to have cut its forecast for this year by an astonishing £130m to £820m, moving from top to bottom of the estimates range. For next year the estimate is reduced from £1.15bn to £1.05bn. Merrill Lynch was also believed to have moved its numbers lower. Last year ICI produced £927m.

BZW did not confine its endeavours to ICI; it also turned its attention to Zeneca, the drugmaker listed off from the chemical group. But it was much kinder to the drugs group, bestowing a buy tag on the shares, up 10p at 1.390p. The BZW downgrading un-

settled the rest of the chemical sector clipping, for example BOC, 12p to 930p. But Courtaulds resisted the retreat, gaining 4p to 432p.

The rest of the stock market remained neglected with Royal Ascot and Test cricket at Lords proving seemingly irresistible counter-attractions.

Today's options expiry seemed to be the big influence for those still willing to trade shares as futures pressure took its toll. With futures traders seemingly determined to get the market down for the expiry, the FT-SE 100 index closed 25.7 points lower at 3,727.5. The supporting index was off only 5.3 points at 4,449.8.

Among the blue chips caught up in the expiry, National Brown showed flickering signs it is at last responding to its 100p-plus dividend package, moving ahead 6p to 531p.

New issues produced two rip-roaring performances. Pace



## MARKET REPORT

## DEREK PAIN

Stock market reporter  
of the year

other 3.5p to 872.5p. For a more traditional reason - corporate action - utilities provided the most lively display. ScottishPower's seemingly "lights out" takeover bid sent defeated rival South Electric soaring 28p to 702p and pushed target Southern Water 26p higher at 1,013p. SP added 1p to 312p. Hopes of further action among the remaining electricity and water companies produced some gains.

National Brown showed flickering signs it is at last responding to its 100p-plus dividend package, moving ahead 6p to 531p.

New issues produced two rip-roaring performances. Pace

Micro Technology, in its when-issued form, surged to 227p from a 172p placing. It closed at 199p. City Technology went from a 175p placing to 216p and IES, the security equipment group which graduated from Ofex finished at 292p, a few coppers higher. Gold Mines of Sardinia was introduced at 19p.

Superstores looked jaded as the Government announced more restrictions on out-of-town shopping centres. As the Sainsbury chain, fell 4.5p to 348.5p and Tesco 4p to 299.5p.

Smiths Industries put on 20p to 693p, apparently responding to reports of in-

creased production at Boeing. The company provides £160,000 of equipment for each Boeing short-haul 737 jet and £260,000 for each of the wide-bodied 777 series.

On the retailing pitch Next was at one time 10p higher after analysts meetings. But by the close the gain had been cut to 2.5p at 388.5p. Cadbury Schweppes also lost its lift after James Capel buy advice, closing at 496p, up 1p, after touching 509p.

Cautious comments from Premier Farnell, the industrial group, left the shares 8p off at 676p. Fifth, the steel group, held at 68.5p with stories persisting it will soon announce a £50m Saudi Arabian contract.

Columbus, the travel publisher, continued to cause disappointment, falling 3p to 19p. As Carnall it was suspended at 27p and some expected it to move ahead sharply from the "freeze" price.

JJB Sports remains a big beneficiary of Euro '96 with sales in a 20-week period up 46 per cent. The shares rose 30p to 850p.

Helene put on 1p to 8.5p. It has sold its women's wear businesses, Just Jamie and Reggie, to management for £21m and is talking of new ventures.

Avira Petroleum, off 1p at 30p, has started drilling in the Gulf of Mexico, off Louisiana. The Americans believe the Gulf has considerable potential but their hopes seem to have run ahead of events.

Their furious charge into Avira's US depository shares has lifted them nearly four times above the London price. It could be an attempt to buy a substantial stake, even control.

Even so either the arbitrageurs have overlooked a rewarding opportunity or the US price is a flash in the pan.

[Hampden, the Ulster retailer where J Sainsbury inherited a near 30 per cent interest when it acquired the Texas do-it-yourself chain, is again attracting attention. The shares rose 3p to 108p, a peak.

The group is known to be trading well and it is still scoring from what is left of the peace dividend but there is persistent speculation Sainsbury will decide to bid for the outstanding shares.

[Cardinal Business, formerly Berkeley Business, has eased from its 37p year's high. Talk persists corporate activity is near with some suggesting it could be the target for a bid.

But the recent improvement in the share price, now 33p, offers chairman Alan Baldwin the opportunity to make the take over he has long sought.

## Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: 7 Ex rights; 8 Ex-dividend; 9 Ex of a United Securities Market's Suspended; 10 Partly Paid; 11 Full Share; 12 All Share.

## The Independent Index

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## Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume	Stock	Volume
BSA Group	50000	British Gas	100000	British Steel	50000	British Telecom	100000
BSA Group	50000	British Gas	100000	British Steel	50000	British Telecom	100000
BSA Group	50000	British Gas	100000	British Steel	50000	British Telecom	100000
BSA Group	50000	British Gas	100000	British Steel	50000	British Telecom	100000

## FT-SE 100 index hour by hour

Open 3751.1 up 2.9	11.00 3737.7 down 13.5	14.00 3734.5 down 87
09.00 3751.1 up 2.9	12.00 3737.7 down 13.5	15.00 3726.6 down 20.4
10.00 3742.3 down 8.8	13.00 3741.5 down 14.9	16.00 3726.6 down 20.4
		Close 3727.5 down 25.7

## Alcoholic Beverages

Alcoholic Beverages	Price	Change
Alcoholic Beverages	Price	Change
Alcoholic Beverages	Price	Change

## Banks, Merchant

Banks, Merchant	Price	Change
Banks, Merchant	Price	Change
Banks, Merchant	Price	Change

## Banks, Retail

Banks, Retail	Price	Change
Banks, Retail	Price	Change
Banks, Retail	Price	Change

## Diversified Industries

Diversified Industries	Price	Change
Diversified Industries	Price	Change
Diversified Industries	Price	Change

## Engineering Vehicles

Engineering Vehicles	Price	Change
Engineering Vehicles	Price	Change
Engineering Vehicles	Price	Change

## Extractive Industries

Extractive Industries	Price	Change
Extractive Industries	Price	Change
Extractive Industries	Price	Change

## Breweries, Pubs &amp; Rest

Breweries, Pubs & Rest	Price	Change
Breweries, Pubs & Rest	Price	Change
Breweries, Pubs & Rest	Price	Change

## Electricity

Electricity	Price	Change
Electricity	Price	Change
Electricity	Price	Change

## Banking/Construction

Banking/Construction	Price	Change
Banking/Construction	Price	Change
Banking/Construction	Price	Change

## Electronics

Electronics	Price	Change
Electronics	Price	Change
Electronics	Price	Change

## Building Materials

Building Materials	Price	Change
Building Materials	Price	Change
Building Materials	Price	Change

## Chemicals

Chemicals	Price	Change
Chemicals	Price	Change
Chemicals	Price	Change

## Distributors

Distributors	Price	Change
Distributors	Price	Change
Distributors	Price	Change

## Government Securities

Government Securities	Price	Change
Government Securities	Price	Change
Government Securities	Price	Change

## Index-linked

Index-linked	Price	Change
Index-linked	Price	Change
Index-linked	Price	Change

## Shorts

Shorts	Price	Change
Shorts	Price	Change
Shorts	Price	Change

## Mediums

Mediums	Price	Change
Mediums	Price	Change
Mediums	Price	Change

## Longs

Longs	Price	Change
Longs	Price	Change
Longs	Price	Change

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# Hi-tech Pace enters at a gallop

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Valuing a fast-growing company such as satellite- and cable-decoder maker Pace-Micro was never going to be easy but no one can expect initial estimates of a £200m market value to have been so comprehensively overtaken by events.

In grey-market dealings which started yesterday the shares jumped from a placing price of 172p to 202p, a sizeable premium when you consider that the starting price was itself considerably higher than recent expectations. At that level, the company is valued at more than £400m and David Hood and Barry Rubery, Pace's founders, have joined the envied ranks of the rich-beyond-the-dreams-of-avarice.

Private client brokers, kept out of the issue by the book-building method chosen by BZW and Panmure Gordon, were responsible for most of the buying interest yesterday as they tried to get hold of stock to satisfy their small investor clients before dealings proper get going next week.

The result of yesterday's heavy turnover has been to catapult the shares to a rating which, even in the beady world of hi-tech stocks, looks pretty ambitious. On the basis of forecast profits of £23m in the current year to next May, the shares are currently trading on about 25 times forecast earnings. Are they worth it?

Certainly Pace has an impressive position in a fast-growing market. It estimates that it makes one in every two satellite- and cable-decoders in the UK and perhaps a third of those sold throughout Europe. With the rapid transition from analogue to digital television services currently taking place that is a nice place to be.

Even more exciting is the imminent onset of digital terrestrial television in the UK in 1998. Viewers will all need special boxes to unscramble digital signals, creating enormous potential demand for Pace's receiving equipment.

An indication of the rate of growth in profits investors can expect, is that the company probably made no profit at all in the first half of last year but it has promised profits of just over £18m in the year to May just finished. Against earnings growth of 33 per cent in the current year, a prospective p/e ratio of 25 does not look so steep.

Like all hi-tech investments, of course, Pace comes with a hefty health warning attached. It is unusual for a company valued at almost half a billion pounds to be so narrowly focused on one product area and it requires something of an act of faith to assume that electronic giants such as Sony will not elbow their way into the market if it proves lucrative. As ever, the biggest

beneficiaries have probably been the institutions who got in at 172p, but if the rate of growth can be maintained Pace may also provide something for the ordinary investor.

## Wessex keeps profits flowing

Wessex Water may be the last of the privatised water companies to report its figures but it is by no means the least interesting. Like most of the utilities sector, it is embroiled in merger activity which could see the company cast as either predator or prey.

In March, Wessex made an offer for its neighbour South West Water. Several bids are being scrutinised by the Monopolies and Mergers Commission, which is not due to report until September. If approved, South West would be the subject of a £900m bid battle.

Wessex management was due to meet MMC officials for the first time yesterday and the company promised share-

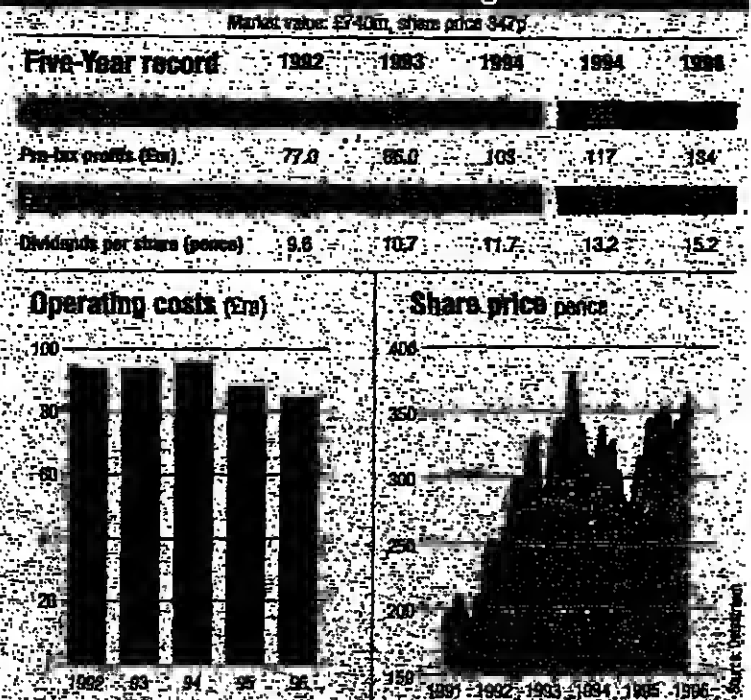
holders that it would not over-pay. (Seven Trent said the same thing last week.) Wessex's problem is that although it is well run and has an enviable record, its relatively small size makes it vulnerable. Swallowing the accident-prone South West may act as a poison pill. It would also make it a much larger morsel for a bigger rival to digest.

All this places shareholders in a good position. If Wessex does win South West, it ought to be able to wring out a better performance from the company. If it fails, there is always the prospect of Wessex becoming a bid target.

Yesterday's figures confirmed the good run of a company that has never issued a hosepipe ban and never made any exceptional charges in its core business. Pre-tax profits in the year to March were 14 per cent higher at £134m.

Costs have been shaved by another 4 per cent. Management is promising a similar cut this year. The waste business, which has conducted 42 acquisitions since 1991, improved profits by 20 per cent to £12m and should benefit from the landfill tax. The only negative here was the second-half drop in recycling profits.

## Wessex Water: at a glance



With £62m of net cash Wessex says it can easily gear up for a South West Water bid. If it fails it is likely to return some money to shareholders or acquire more waste management groups. Eight were acquired in the last financial year.

Analysts are forecasting profits of £144m and the shares, 7p higher yesterday, trade on a forward rating of 8. Hold.

## Overseas stores profit Courts

Whenever there is talk of how UK retailers fail to cut the mustard overseas, there is rarely any talk of Courts, the 150-year-old furnishings group. Though based in Britain, the company has outlets in far-flung spots such as Jamaica, Belize, Mauritius and Fiji.

In fact, the UK operations are the worst performers of the lot. Though group profits excluding exceptional items were 13 per cent higher at £18m, UK profits were flat.

The company is trying to shift more of its operations from poor high street locations to out-of-town sites but has admitted making mistakes. It is now offering more interest-free credit deals, spending more on staff training and improving its merchandise. The 34 out-of-town stores now account for three-quarters of sales and several new openings are planned.

A new superstore is opening in Dublin next week which will sell electrical equipment as well as furniture (as all the overseas stores do). Domestic like-for-like sales were 2 per cent higher over the year though the company says trade since the year-end is encouraging. The real engine of growth is overseas which accounts for all but £5m of £31m operating profits. Here comparative sales rose by 8 per cent.

South-east Asia increased profits by 28 per cent and the Caribbean by 65 per cent. Only the Pacific region disappointed, with profits slumping by half to £2.4m due to regulatory changes.

With the Malaysian operations set to be floated off within the next two years and other divisions expected to follow, this age-old plodder should continue to perform. The shares have performed well this year and jumped another 33p to 995p yesterday. With analysts upgrading profits forecasts to £21.4m this year the shares are on a fancy multiple of 22. But the premium rating is deserved.

# City big-wigs gather as Dickie flies the coop

## CITY DIARY

JOHN WILLCOCK



Pointing the finger: Dickie Bird has called 'time' on Tests

The immortal Dickie Bird was given a rousing send-off by the great and the good of the cricketing world at a special Lord's Taverners dinner. At the top table a striking trio found itself thrown together - Ian Botham flanked by Ken Clarke, the Chancellor, on one side, and Howard Davies, deputy governor of the Bank of England on the other. Presumably "Beefy" was put in there to stop the other two droning on about interest rate policy.

The event at the Park Lane Hilton was sponsored by Sir Ian MacLaurin of Tesco, who is doing great things on the MCC's marketing committee. Mr Davies modestly suggested that cricket bat makers should name a bat after him - the "three-not-out".

The hard-fought battle for the Premier League TV rights, secured earlier this month by Rupert Murdoch, saw three competitive media barons parading before the League's 12 chairmen in a "beauty parade".

Hard questions were asked of all three, as the bidders laid out their offers. Lord Hollick's United News acquired himself admirably, but of course to no good effect. BSkyB's Sam Chisholm merely pointed out the obvious - that only Sky had the satellite capacity and the subscription base to make a

television deal work. Carlton's Michael Green, however, had a rockier ride, trading insults with Tottenham's chairman, Alan Sugar. At one point Mr Sugar asked how Mirror/Carlton intended to distribute the matches, as the consortium had failed to line up satellite capacity.

Mr Green traded a few wispy words with his colleague, the Mirror TV chief Kelvin MacKenzie, before giving what those present said was a vague and inconclusive answer.

Mr Sugar pressed harder, leading Mr Green to erupt with: "I didn't come here to be cross-examined by you."

Mr Sugar, aware that this was, after all, a beauty parade, answered the obvious: "Yes, you did. And you thought football matches were tense."

Ooops. Just as the journalists who wrote off the England team as a bunch of boozing no-hopers have had to eat humble pie this week, perhaps more of such humility is called for with the Sumitomo copper scandal.

Much huc and cry was made last weekend when a letter came to light which was sent to the SIB in 1991, detailing complaints about the same Sumitomo copper trader, Yasuo Hamanaka, who lost the bank £1.2bn in unauthorised trades.

It now emerges that the letter was publicised extensively by the Reuters news agency way back in 1991, and that there was a serious concern that the price of copper on the London Metal Exchange was being manipulated. The press failed to unearth anything beyond that, however, permitting Mr Hamanaka to go on losing millions for another five years.

Britain's greatest architect is being replaced by a banker. On the £50 note, that is. The Bank of England has given notice that Series D £50 notes will cease to be legal tender after 20 September 1996. Some 15 million of these notes remain outstanding but they are now seldom used in day-to-day transactions. £500 notes, which feature Sir Christopher Wren on the reverse, were first issued in March 1981, whilst the new Series of £50 notes featuring Sir John Houblon, were first issued in April 1994. Sir John was the first ever Governor of the Bank when it was founded in 1694.

There are still 55 million £1 notes out there somewhere, adds the Bank. The last £1 note was issued in 1984, and the Bank is at a loss as to who is holding these old notes and why. A spokesman muses: "Perhaps they're all down the backs of sofas."

# Sky prepares for pay-TV market to be swamped

MATTHEW HORSMAN  
Media Editor

The £1bn pay television market is set for its busiest summer ever, as broadcasters scramble to prepare for the launch of as many as 15 new channels to be beamed into Britain's 5.5 million cable and satellite homes.

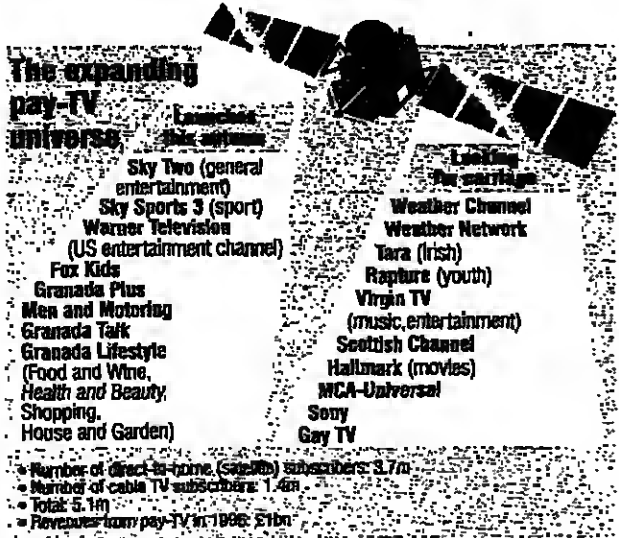
Pay-television subscribers will see their choice of channels broaden dramatically in the autumn, when 12 new services are added to the multi-channel package offered by market leader BSkyB, 40 per cent owned by Rupert Murdoch.

The additional channels will make their debut in time for a healthy hike in subscription rates at the highly profitable satellite broadcaster, with the full package of entertainment, films and sport likely to cost an additional £3 a month, or £36.99.

Cable operators, too, are reviewing their schedules for the autumn, and have launched a "summer house cleaning" to prune their systems of under-performing channels to make way for new services.

The two leading operators - Telewest and Nynex Cablecomms - are likely to carry the new Sky offerings as part of their long-term supply contracts with BSkyB. That will require finding capacity on what is a very clogged network. Likely targets for pruning are the foreign language services (including Germany's RTL and France's TV5), as well as BET, the black entertainment television channel, which is shifting to an all-jazz format in a last-ditch effort to avoid being dropped by cable operators.

For those channels that remain, there is a push by leading



operators to lower the fees paid per subscriber, and to establish firmer audience targets.

Some industry executives say this summer of negotiations will be the pay-TV sector's most extensive ever, in the lead up to what could be the last season before the introduction of digital services in 1997.

BSkyB has routinely expanded choice each autumn, to help justify subscription increases. Sky's chief executive, Sam Chisholm, calls the strategy the "virtuous circle", whereby higher spending on programming underpins higher fees, allowing Sky to purchase yet more programming.

This autumn, the broadcaster's basic entertainment channel, the flagship Sky One, could be supplemented by Sky Two, a similar mix of light entertainment. A third sports channel is also under consideration, while Warner, the giant US entertainment company, this

week confirmed it would launch its WBTV service in the UK in November as part of the Sky package.

A raft of new programming is also on offer from Granada Sky Broadcasting (GSB), the joint venture between Sky and media and leisure giant Granada, also scheduled for launch in the autumn. They include Granada Plus, a "golden oldies" service featuring repeats of Granada hit programmes such as Coronation Street and a 12-hour-a-day talk format, with hosts like David Frost.

Stuart Prebble, GSB's chief executive, says the talk channel will be a departure from the usual fare. "Most of the talk in the UK is of the Oprah variety - you know, I married my sister by mistake. We intend to talk about the issues of the day - for instance, one day we might be talking about the football match, the next the Manchester bombing."

vice will be four strands of programming sharing one channel, focusing on lifestyle issues.

BSkyB is now in talks with several independent channels about offering a place in the multi-package. They include Virgin TV, backed by Richard Branson's Virgin Group; Tara, the Irish channel; and the Sega games channel; and the 24-hour Weather Channel.

Many of these are in negotiations with Flextech, the cable and satellite programmer, which some in the industry call "the second force" in pay-TV. Flextech owns or manages channels such as Family, Playboy, UK Gold and UK Living, and provides subscription and advertising services.

That will leave as many as 15 fully developed channels without carriage contracts in the UK, a queue that is likely to grow throughout 1996. The problem lies with the restraints of the analogue transmission system on both cable and satellite. On the satellite side, only BSkyB appears to have much room left, and only because it paid over the odds to secure three additional transponders on the Astra satellite earlier this year.

Sky's stranglehold on available satellite capacity has frustrated programmers for years and the Office of Fair Trading, is to report later this month on its inquiry into BSkyB's dominance in the marketplace.

The limits will be removed, of course, when digital satellite is launched. But many pay-TV executives are betting the digital age will arrive later than the promised date of late 1997. Why jeopardise £1bn worth of revenue a year for the uncertain gains of an expensive transition from analogue?

## IN BRIEF

Simon Fussell, former chairman of Minty, the long-established furniture company, and his co-defendant Rudolph De Mendonca, a former London stockbroker, were both sent to prison for fraud yesterday following a prosecution brought by the Serious Fraud Office.

The duo were convicted last month of conspiracy to defraud Priest Mariani Holdings, in a

case brought following a report by DTI inspectors into Norton Group and associated companies.

De Mendonca was also convicted of two offences of forgery. Fussell received a two-year custodial sentence yesterday. De Mendonca was sentenced to nine-months imprisonment.

On passing sentence, Judge Hardy said: "You agreed together for your own ends to a greedy and deceitful scheme that required a high degree of

sophisticated planning to carry out and disguise your tracks."

The world of business depends largely on trust and when it is breached on this scale in regard to the affairs of then large public companies, the Courts are expected to make an example of those responsible.

Part of the investigation concentrated on the sale of Exide House, a large property in Shaftesbury Avenue, London. According to the SFO, the case

centred on Fussell, a company director making a secret and dishonest profit from the sale.

The property was sold from Priest Mariani Holdings, of which he was a shareholder, to Minty, of which he was both chairman and shareholder.

To disguise his profit, the sale was initially made to a fictitious individual, "Katie Chalus", who was said to be of Iranian origin. Neither Priest Mariani nor Minty knew of his involvement.

## Revised Interest Rates For Accounts No Longer Open To New Investors.

Amended Index Linked Account Rates. Effective from 23rd June 1996.

	Minimum Investment	Gross*	Gross CAR**	Net†
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1st Issue Quarterly	£1,000	5.70%	5.82%	4.56%
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2nd Issue Monthly	£1,000	5.56%	5.70%	4.45%
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3rd Issue Monthly	£1,000	5.22%	5.35%	4.18%
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REMARKS: Please note that the new margins on the 1st, 2nd and 3rd Issues are previously added to customers in writing, will become effective from 1st July 1996 onwards. The above rates for these issues only apply for the period 23rd June to 30th June inclusive. Who effect from 1st July the rates will alter in accordance with that margin change.

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# ITN offers lower charge to keep ITV deal

ITN, the makers of *News at Ten*, has promised to shave £16m a year off its charge to ITV for news services in a bid to win renewal of its lucrative contract, writes Matthew Horsman.

According to sources close to the contract negotiations, ITN is prepared to reduce the annual cost of the news service to £42m from an estimated £58m, starting in 1998.

This emerged as ITN confirmed a sharp improvement in

pre-tax profits to £15.3m from £9.4m, fuelled by new contracts and higher rental income from its headquarters. ITN chief executive, Stuart Purvis, said the fruits of the improved performance would be shared with ITV.

ITN, which supplies ITV, Channel 4 and Independent Radio News, will also provide news services to the new Channel 5, when it is launched next year. Despite the promise of lower contract fees, three ITV com-

panies continued to press yesterday for fresh negotiations on price and terms. One senior ITV source said: "We aren't interested in anything that doesn't begin with a three."

ITV, Yorkshire-Tyne Tees, and Lord Hollick's Meridian and Anglia have all pushed for lower payments, and have publicly backed a consortium led by BSkyB, Rupert Murdoch's pay-TV broadcaster, which has said it could supply ITV news for just

£30m a year. ITN is backed by Granada and Carlton, which each hold 26 per cent stakes. These must be lowered to 20 per cent under broadcast rules.

A Government amendment to the Broadcasting Bill, tabled this week, makes it easier to apply for nominated status as a news provider, but requires that the ITV companies choose a single news supplier for the entire network.







## Scots' view can secure silverware

### Golf

TIM GLOVER  
reports from Killarney

If Great Britain and Ireland retain the Curtis Cup against the United States over the next two days the team might be indebted to the musical tastes of Jonathan Butler. The 20 year old son of the non-playing captain, Ita Butler, has compiled a tape which is designed to raise the spirits of the players.

"It's very good," Mrs Butler said. "We sing along but I have to say that our bus driver isn't impressed." The tape contains Queen, Bob Marley and Tina Turner singing "Simply the Best". Whether the class of '96 is better than all the rest will be decided over two series of three foursomes and six singles.

The Curtis Cup (eight members per team) is the one played by female amateurs for a Revere Bowl donated by the Boston sisters, Margaret and Harriot Curtis. "We were not impressed by either the size or quality of the cup," Margaret once remarked, "yet it was the best that could be obtained in Boston at the time." Not that the concept excited Sir Ernest Holderness, a former British amateur champion, who wrote: "No one could expect a married woman with young children to win championships. That is a shocking thought. It would be enough ground for a divorce."

The first Curtis Cup match was held at Wentworth in 1932 and 15,000 spectators saw the United States gain a close victory. It is doubtful if anywhere near that number of people will pay £20 to enter the gates of the Killarney Golf and Fishing Club in Co Kerry, especially as the Great Britain and Ireland team has no Irishwoman.

However, it does have, in Ita Butler, an Irish captain. "I think I've got the best eight players," Butler said, "so I suppose sentiment can't come into it for something as important as the Curtis Cup. The team has a number of strengths. All are fine players and they get along with each other. It means you can build up a wonderful team spirit and that's very important."

American dominance in the Curtis Cup was once as pronounced as those other Trans-

atlantic mismatches, the Ryder Cup and the Walker Cup, but the tide has turned. Europe regained the Ryder Cup in Rochester, New York, and Great Britain and Ireland won the Walker Cup at Royal Portcawl last year.

There is a good chance that Britain and Ireland will take possession of more silverware this weekend. The United States, who had 13 successive victories in the biennial match from 1960, has lost three of the last five. Two years ago in Chattanooga the match ended in a 9-9 tie after Janice Moodie defeated the American veteran Carol Semple Thompson at the 18th in the final singles.

Semple Thompson, who is 47, is playing in her ninth Curtis Cup, an American record, and in the foursomes today she and Cristie Kerr take on Moodie and Mhairi McKay. Moodie and McKay, both Scots, have an insight into American golf. Moodie is a student at San Jose University while McKay, at 21 the youngest member of the team, has been a regular winner on the US collegiate circuit, representing Stanford University. McKay, an outstanding prospect, holds the ladies record for the Old Course at St Andrews with a 67 in 1993.

"Golf scholarships are available for girls and the women's amateur game in America is getting stronger every year," Martha Lang, the US captain said. "There are many better players than there were 10-15 years ago. All of them are hitting the ball further and playing a much stronger game." Few play a stronger game than Julie Hall. She has been on three winning sides and plays in her fifth and last Curtis Cup before becoming tournament secretary with the Ladies' Golf Union.

On one of Kerry's most scenic courses (with a touch of the blarney they call it "Heaven's Reflex") where Nick Faldo won the Irish Open in 1991 and 1992, the ladies will receive invaluable local knowledge. Their caddies for the two-day competition are members of the Irish youth squad.

**CURTIS CUP (Great Britain and Ireland v United States):** Two-off teams for today's opening foursomes (12) and 18 matches (24): GB: 1. Hall and L. Edmondson v E. Port and K. Muirhead. GB: 2. A. Rose and L. Edmondson v M. Jerrard and S. C. C. Rose. GB: 3. Moodie and M. McKay v C. Kerr and C. Semple Thompson.

## Higgins takes the lead

David Higgins, a 23-year-old Irishman, and the former British youth champion, Lee Westwood from Workson, stole the limelight from some more celebrated golfers during the first round of the BMW International Open in Munich yesterday.

Higgins, playing his first full year on the European Tour, came within one shot of the St Eustach course record with an eight-under-par 64 to take the outright lead. "Today was by far the most important round of my career," he said.

Westwood, who once described himself as "just a plodder", looked as if he might

overtake Higgins when he played the first 15 holes, most of it in heavy rain, in seven under par. But he dropped a shot at the seventh, his 16th hole, and though he had a birdie at the ninth he had to be content with a 65 and joint second place with Phil Golding and France's Marc Farry, who had played in much better weather earlier in the day.

Another early starter, Bernhard Langer, who always starts among the favourites at German events, finished with a 69, three under par, while Seve Ballesteros shot a 71 and the American Ryder Cup man, Paul Azinger, fired a 74.

Scores, Sporting Digest, page 28



Carl Lewis qualifies for the Olympic long jump competition

Photograph: Reuter

## Lewis eager to defend Olympic long jump title

### Athletics

Carl Lewis and Michael Johnson are on their way to Atlanta, but the way they secured their Olympic berths could not have been more contrasting.

The 34-year-old Lewis gained an opportunity to win an unprecedented fourth consecutive long jump gold medal when he leapt 8.30 metres on his second attempt and hung on for the third and final place in the US trials in Atlanta on Wednesday.

"This is a very exciting time for me because the long jump has always been my favourite event," said Lewis, who finished last in the 100 metres trial. "Just to be up here with a chance to go to the Olympics again is a tremendous feeling."

Mike Powell, the 1992 silver medalist and world record holder, won the long jump with 8.39m. Joe Greene, the 1992 bronze medalist, was second with 8.34m which means the same trio that represented the United States in Barcelona will be returning to Atlanta.

Johnson, meanwhile, raced to the third fastest 400m of all time, clocking 43.44sec for his 53rd consecutive victory in the event. Johnson said a poor reaction to the starter's gun cost him a world record. "I started to run backwards and it cost me at the end of the race," Johnson said. "It's nobody's fault but mine that I didn't break the world record."

Only Butch Reynolds, whose world record is 43.29, and Johnson, who won the World Championship last year in 43.39, have run faster. Reynolds, the 1988 Olympic silver medalist, claimed second place in 43.91, the first time he has run under 44 seconds since 1988.

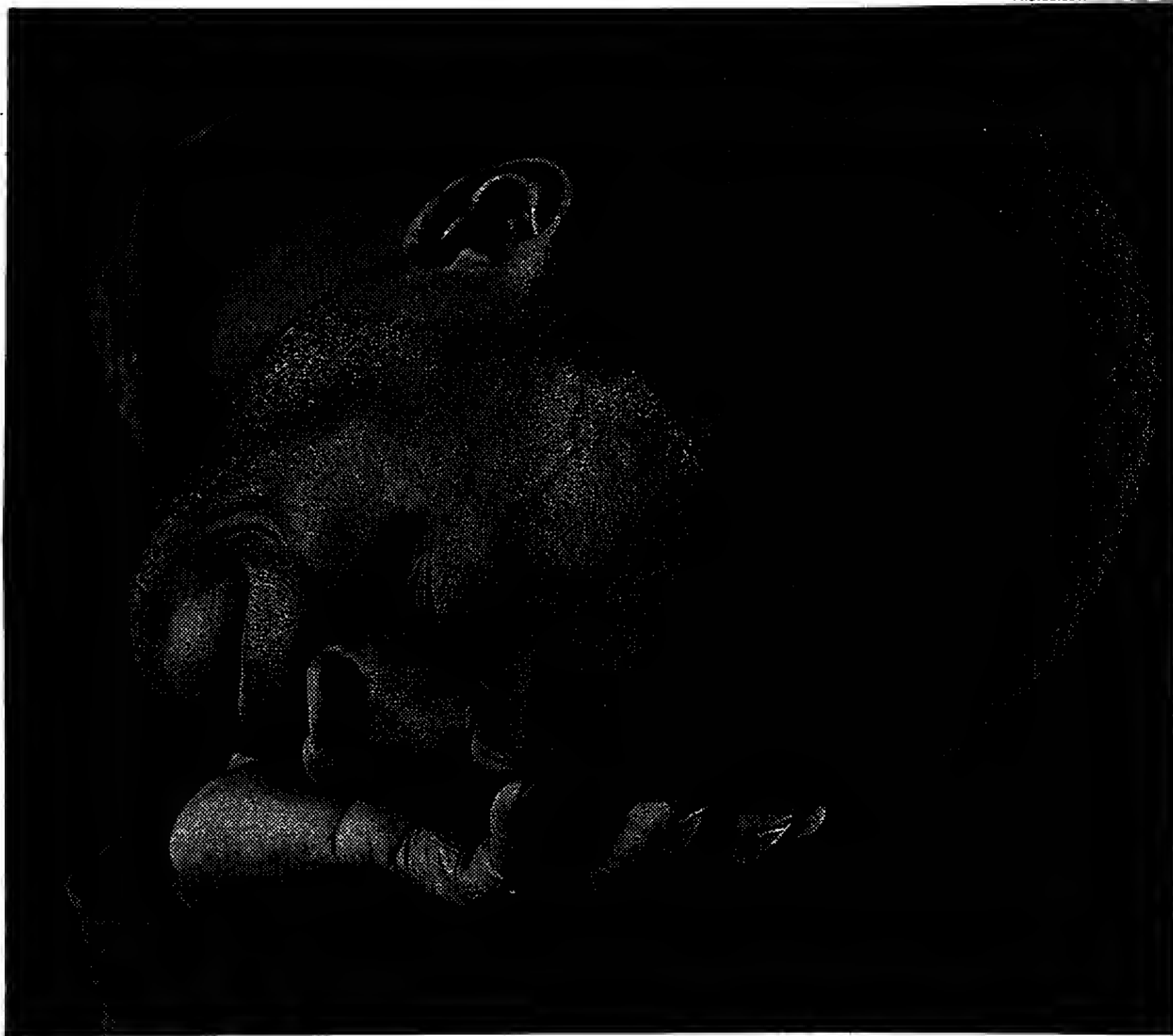
Jonathan Edwards has been able to recharge his batteries during a break from competition and is relishing a return to triple jumping in Helsinki on Tuesday. The world champion pulled out of Britain's Olympic trials with a bruised heel and sore knee after needing a last-round leap to maintain a run of 16 straight victories at the Rome Grand Prix. It meant he was

omitted from the initial squad selected for Atlanta and asked to prove his fitness.

"I feel much more positive now," Edwards said. "It's almost like starting my season again - perhaps on the right foot rather than the wrong foot. I had the chance over the past fortnight to step back and really get into my training regime."

Edwards believes a resurgence of form by Colin Jackson and Sally Gunnell, plus Roger Black's British 400m record at the weekend trials has taken some of the pressure off him. "It was a great weekend for British athletics and has probably helped me a great deal," he said.

The Commonwealth heptathlon champion, Denise Lewis, has turned down the chance to double up at Atlanta. Lewis was selected for both the heptathlon and the long jump but she has now decided to concentrate on her specialist event, the heptathlon, in which she recently set a new British record. Her decision means that Britain will not have an entrant in the long jump in Atlanta.



PHOTOGRAPHY MAX FORSYTHE

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# sport

## Bang the drum for the friendly championship.

There is good reason to bang the drum for Euro 96. And sound the horn, play the trumpet, ring the cowbell. All those pre-tournament scare stories – widespread reports of secret meetings of Euro-boogies, threats that they'll be stopped half-way through, World War III, camp-sites full of drunken, rioting fans – have simply not materialised.

Not that anyone should be complacent. Things may change if England get knocked out, especially if they are beaten by Germany in the semi-finals next Wednesday. But if that is as bad as it gets, then England can rightly claim the most trouble-free European-based tournament for many years.

In fact, foreign football supporters have more or less no record of causing trouble in England. The likelihood of it happening at Euro 96 was never more than remote. Our city centres have never been battlegrounds

for marauding gangs of Swiss, Dutch, Turks or even Germans trashing bars and wrecking shop windows. Frankly, anyone who might have felt like starting something would have looked stupid and out of place.

So far I have been to eight games at seven venues and have no doubt that English fans are thoroughly enjoying the experience of meeting supporters from all around Europe and beyond. The ticket chaos (of which more later), allied to the large number of European nationals living in England, has meant that segregation has been largely non-existent.

The main advantage has been that English fans, who for the most part are enthusiastic but neutral observers, have mixed with more passionate and committed foreign supporters and thus become caught up in the songs, noise and general atmosphere.

This was typified at last week's Bulgaria-Romania game in New-

**Steve Beauchampé, of the Football Supporters' Association, applauds a tournament whose only problem is selling tickets sensibly**

castle, when a large section of English fans good-naturedly heckled police who tried to stop a Bulgarian drummer. When the officers realised they were on a loser, they sensibly backed off and the Bulgarian held his drum aloft to the crowd, who cheered him raucously.

In 29 years of watching football I cannot recall an atmosphere like that at Villa Park for Scotland's game against the Netherlands. From the camp-site, the supporters marched together to the stadium led by a pipe. At the ground, identifying which country the fans were following was not easy, with many supporters wearing both teams' colours. I sat in front of two Dutchmen and a Scot. They debated and discussed the game, passionately but always

with tolerance for each other's team. This turned to mockery at Wembley on Saturday when, as "Three Lions on the shirt" was resounding over the Tannoy at the end, England fans recorded "It's coming home, Football's coming home" to "You're going home, Scotland's going home" before applauding the loyalty of their opponents' support. Much respect.

The police have responded generally very well in the atmosphere. A Norwegian colleague remarked how pleased she was that the British police were not too good in riot gear and how they entered into the spirit of the occasion by posing for photographs. Nobody ever wanted to do that with the carabinieri at Italia '90.

It is unfortunate that those re-

sponsible for the ticketing arrangements could not join in with the spirit of friendliness and tolerance shown by the fans. My desecration does not have a word to describe accurately the mess that the Football Association and UEFA, the governing body of European football, have got themselves in. The Football Supporters' Association's football embassies have been inundated with disgruntled and incredulous supporters.

The crux of the problem is threefold. First, many tickets were sold on to third parties – non-European football associations, sponsors and tour companies which could not get rid of them. Secondly, the prices were too high, with no reductions for children. Thirdly, tickets were, initially at least, not available on match days

until pressure from the FSA (among others) brought a change of heart.

It is a variation on the system used at previous world and European tournaments as long as someone has paid the organisers for tickets, they are considered sold and it is irrelevant where they actually end up. Thus, tour reps have been wandering around towns and cities with fistfuls for the Villa Park quarter-final or the Italy-Germany game at Old Trafford, among others.

At the same time, 40 angry German supporters were turned away from Elland Road before the Spain-Romania game (where the attendance was 16,000 below capacity) because they had not got tickets. The only place you could buy tickets on the day was from the tourist office in Leeds' railway station – and no one had told them.

In the circumstances, the Criminal Justice Act has rightly been

treated with contempt as common sense policing has allowed face value or under-price ticket trading to be widely conducted "just round the corner where I can't see you".

One sponsor ended up giving away tickets before the Denmark-Portugal game, while the FSA's Sheffield embassy succeeded in persuading two Danish tour operators to donate 350 tickets to local school-children.

With the World Cup in France only two years away there is much to be learned, and a meeting of English, German and Dutch fan activists (who have been working away at the FSA as football embassies) last night discussed an approach to UEFA and the French organising committee to see if a fairer and more flexible ticketing system can be implemented for 1998. But it will take a major change of policy from football's governing bodies for this to happen.

## Spaniards exclude prying eyes

DERRICK WHYTE

Terry Venables and his England players will be spending plenty of time in the television lounge at their hotel before tomorrow's European Championship quarter-final at Wembley – watching video recordings of their opponents, Spain.

No one was able to pick up any tips yesterday as the Spaniards were put through their paces in secret by their coach, Javier Clemente, at El-Land Road, where his side sealed qualification for the last eight with a 2-1 victory over Romania on Tuesday. Spain had followed England's lead by barring the media, photographers and the public.

Back at Bisham Abbey, it was business as usual for Venables and his players, two days after their thrilling 4-1 win over the Netherlands. The England coach, who had a spell in Spain in charge of Barcelona, knows that Clemente's team are likely to pose different problems to the Dutch.

While they committed themselves forward, playing three up front and as many attacking midfielders, Spain, unbeaten since the 1994 World Cup finals, are likely to be far more cautious, sucking England in and then looking to hit them on the break. Venables is likely to stress the need for patience despite the demands of a passionate sell-out Wembley crowd, who will be looking for a repeat of England's form against the Dutch.

The England coach's plans have been disrupted by the need to change his starting side for the first time in the tournament. While he has switched formations – beginning with four at the back against Switzerland, changing to three for the Scotland match and reverting back to four on Tuesday – the personnel have stayed the same. Now, though, Paul Ince is sus-

pended tomorrow after picking up his second yellow card of Euro 96 against the Dutch.

David Platt, who proved his fitness after a rib injury with a 23-minute appearance as Ince's replacement against the Dutch, is likely to start in place of the Internazionale player.

Spain are unlikely to be caught unawares by England, as several of their squad have close links with Venables. Their goalkeeper and captain, Andoni Zubizarreta, who holds a record 108 caps for his country, was at Barcelona during the Venables era in the mid-1980s. The experienced striker Julio Salinas will also remember Venables, after scoring 20 goals for Barcelona in the 1988/89 season – when his form forced Gary Lineker out on to the right wing prior to his return to England with Tottenham.

Clemente also has connections with England. He marked his debut in charge of the national team with a 1-0 win over Graham Taylor's side in Santander in September 1992. In the 1980s, when Clemente was coaching Athletic Bilbao, he travelled to Suffolk to learn from the Ipswich Town manager, Bobby Robson.

"He [Clemente] was very enthusiastic about the game and wanted to learn as much as he could about the English style of play," Robson recalled. While Venables was with Barcelona, Clemente was in charge of the Catalan city's other club, Espanol, taking them to the 1988 UEFA Cup final. He took over as national team coach in 1992.

The Spanish "armada" was out the move yesterday, checking out of the Oulton Hall Hotel, near Leeds, and moving to the Spirella House Hotel, near St Albans – which was the Dutch base during their group fixtures.

EUROPEAN CHAMPIONSHIP Quarter-finals: Tuesday, June 12, 1996. Spain 2-1 Romania (UEFA Cup Finals, 1996). Portugal 2-0 Czech Republic (UEFA Cup Finals, 1996).

## Germany must do better

Germany were yesterday left in no doubt that they could join Italy on the Euro 96 scrapheap unless they show a dramatic improvement in Sunday's quarter-final match against Croatia.

Berti Vogts, the coach, was unimpressed by the lacklustre performance in the goalless draw against Italy and said: "We have a lot to learn – and that match was a hint that we are far from being a really good team. We were much more concentrated in the second half and fought like lions with only 10 men on the field," he added.

"That is something we can build on – but we have to play better football."

Vogts has injury doubts over his defenders Thomas Hoenes, Stefan Reuter and Rene Schuster, while Thomas Strunz, sent off against Italy, is suspended for the game at Old Trafford.

Germany's 1990 World Cup triumph was overshadowed by the fact that they were the only team to have been eliminated in the quarter-finals of the tournament.



Brothers in arms: Portugal's Luis Figo (left) and Domingos embrace on reaching the last eight Photograph: Allsport

## Oliveira's oracle clouds over

**Phil Shaw finds the precocious Portuguese professing caution**

Portugal have been described as the Brazilians of Europe, and not simply because they share a language. Their arrival at the quarter-final stage of Euro 96 might have been expected to coax their coach into putting his stern countenance on bold yesterday, but Antonio Oliveira's mood appeared to be more sombre than samba.

For once it was not Oliveira's strained relations with the Portuguese press or his seemingly paranoid allegations about victimisation by referees that accounted for a dourness which contrasts starkly with the youthful abandon of his team. Instead, it was his announcement that Sunday's match against the Czech Republic at Villa Park would be "dedicated to the children of East Timor".

Difficult as it may be to imagine, the British "mad cow" crisis and the beefs of Little Englanders are not the major talking points beyond these shores. In Portugal, the main topic (apart from the finals) is repression in the former colony of East Timor where, Oliveira claimed, thousands of children have been killed or starved since Indonesian troops invaded the island nearly 20 years ago.

Making sure on one could represent Oliveira as taking victory for granted, his interpreter pointed out the game was being dedicated – not victory. The sub-text was that the Portuguese do not regard a place in the last four as a formality – at least not publicly – even though the Czechs are rank outsiders among the survivors.

The Portuguese guard uprooted last night from their base at a converted 13th-century priory just outside Derby in order to set up camp at Sandbach in Cheshire. They will stay in the hotel vacated by the vanquished Italians, and train, as did the Azurians, at the Manchester Metropolitan University grounds at nearby Alsager.

All of which appears strange given that these facilities are further from Birmingham, until you realise that Portugal will play at Old Trafford in the semi-final if they beat the Czechs. Whether that counts as presumptuousness or planning is open to conjecture.

Either way, Oliveira was new-er likely to be effusive about

their prospects. Those with a smattering of Portuguese swore he said something along the lines of taking each game as it comes. "Our first concern is our own team," he was translated as saying, "though we've had the Czech Republic watched and we have videos of them."

Oliveira's concern about the Timorese problem was a reminder that when Portugal reached the semi-finals of the World Cup in 1966, losing to England in the tournament's final match, the backbone of the team came from their imperial outposts. From Mozambique there was Eusebio, and Mario Coluna; from Angola, José Aguiar.

Three of the current squad – Oceano, from the Cape Verde Islands, and the Angolans Heider and Paulo Madeira – share a similar background. In the main, however, Portugal's return to respectability has been built on the youth policy initiated by Oliveira's predecessor, Carlos Queiroz.

Most of the side who beat Croatia 3-0 on Wednesday graduated together, or a year or

two apart, in the World Youth Cup-winning sides of 1989 and 91. The average age of those on duty at Nottingham was 27, with only Oceano, 33, over 25.

Fresh-faced flamboyancy has a tendency, alas, to be stifled by more experienced and rugged opponents or by a lack of mental toughness. How did Oliveira feel his fledglings would cope with the magnitude of their next match? "That is a question," he mused, his bar so straight he should have been playing down the road for Derbyshire, "that we can only answer after the game."

Attempts to discover the post-Euro 96 destination of those players not already established in Italy or Spain met equally dogged resistance. Fernando Couto, the centre-back coveted by Manchester United and Rangers, declined to elaborate on his plans. Jorge Cadete, now with Celtic, admitted his team-mate had asked him about Glasgow, but said he had no inkling as to his preference.

Fortunately, the Portuguese also have in common with Brazil a fluency in the language of the beautiful game. On Sunday we shall begin to learn exactly how articulate they are.

## euro-spy

EDITED BY RUPERT METCALF

### A playmaker with a glowing future

The Czech Republic's advance to the quarter-finals has obviously come as a surprise to some commentators in this country, who were still referring to the fledgling nation as "plucky underdogs" and "rank outsiders" even after their fully deserved 2-1 win over Italy in their second Group C fixture.

Serious students of the European game, who have watched the top Czech players in action for clubs and country, this season will have been surprised.

Prague's year ago is a gifted playmaker who also packs a powerful shot. He scored six goals in the 1994 World Cup, and has since then been a regular scorer for his club, Slavia Praha.

He is a player who has been compared to the great Czech players of the past, and does not break under pressure.

Portugal, the Czechs' opponents in Sunday's quarter-final, have a highly rated midfielder, but Berger and his hard-working sidekick, Radek Bejbl, will surely give them a game to remember.

**EURO 96 RIP-OFFS** The "Free Euro 96 T-shirt" across the North on Coca-Cola cans. The catch? You have 30 tiny pulls from the 50p tins, which makes the "free" T-shirt £30.

**Wedding bells may be silent** Vladimir Smicer, the Czech substitute who scored the dramatic last-minute equaliser in Wednesday's 3-3 draw against Russia, which took his side into the quarter-finals, at Italy's expense, has a problem.

If the Czechs go all the way to the final on 30 June, the Slavia Praha striker will have to cancel his wedding, which is scheduled for 22 June at the Czech capital. He is engaged to a girl from his hometown of Pilsen.

It is a pity that he does not understand Czech, and that he is a communist, as Czech life is a little different from what we see in the West. He is a very good player, and he is a very good person.

Football: The universal language. "Football is the language of the world. It is the language of the people. It is the language of the heart. It is the language of the soul. It is the language of the universe. It is the language of the future. It is the language of the past. It is the language of the present. It is the language of the world. It is the language of the people. It is the language of the heart. It is the language of the soul. It is the language of the universe. It is the language of the future. It is the language of the past. It is the language of the present. It is the language of the world. It is the language of the people. It is the language of the heart. It is the language of the soul. It is the language of the universe. It is the language of the future. It is the language of the past. It is the language of the present. It is the language of the world. It is the language of the people. It is the language of the heart. It is the language of the soul. 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# Tribute reduces Bird to tears

هكذا من الأصل